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OLYMPIC PODIUM

A Pole Vault Strike, a Lewis Gold Rush

The world's best pole vaulters went on strike Monday at the Games, and Carl Lewis, above, said it was "the most difficult day of track and field" he'd ever had. But that didn't keep him from becoming the first Olympian long jumper to win back-to-back gold medals, while teammate Roger Kingdom, who just missed a world record, became the first man in 28 years to win a second straight gold in the 110-meter hurdles. Then Paul Ereng, a Kenyan newcomer to the men's 800 meters, beat two former Olympic champions, Joaquim Cruz of Brazil and Said Aouita of Morocco, and the vaulters and angry officials settled their differences, temporarily.

It Was Like Old Times Again, if Briefly

Pietro Mennea of Italy, the 1980 Olympic champion in the 200-meter dash and the world record-holder, made history by becoming the first runner to compete in five Games. He finished fourth in his first-round heat, good enough to reach the second round, called it a "proud moment," then retired from competition. "I was a little emotional," said Mennea, 36. "I'm the grandfather of these people."

Big Game in Munich Is Set for a Replay

Puerto Rico, expected to give the United States a tough game in the basketball quarterfinals, ran into a "pretty tough" defense and was routed. And the Soviet Union beat Brazil on a last-second, three-point shot. That set up a semifinal game Wednesday that will be the first in 16 years between the United States and the Soviet Union. It's the first since that angrily disputed 1972 final in Munich, the only U.S. loss in Olympic basketball competition.

Maybe He Jabbered Instead of Jabbing

Richard Pittman, marathon runner, night club manager, car cleaner, singer, comic, and stepson of the Cook Islands' prime minister, Pupuke Robati: "I should have been a lover not a boxer. But in the ring I'm an animal. Have you seen me in the ring? You better see me." It's too late. Pittman lost his featherweight match Monday to Jacov Shmuel of Israel. *IHT Olympic report, Pages 21 and 22.*

Clashes Enliven Debate

Bush Exchanges Angry Charges With Dukakis

By E.J. Dionne Jr.
New York Times Service

WASHINGTON — Vice President George Bush and Michael S. Dukakis clashed sharply and at times angrily in their first debate, with Mr. Dukakis relentlessly pressing the Iran-contra affair and drug policy and Mr. Bush criticizing Mr. Dukakis's stands on the death penalty and taxes.

The vice president argued repeatedly that the Massachusetts governor lacked his own experi-

On Page 5

How a small group of Michigan voters shifted to Bush.

Bush clarifies his stance on penalties for illegal abortions.

ence, and assailed him as having judgment that was shaped by failed liberal policies.

Mr. Dukakis, on the other hand, attacked Mr. Bush as the inheritor of an administration that was uncaring on social issues and said that, while Mr. Bush had a long résumé of government service, he had demonstrated flawed judgment in the Iran-contra affair, in dealings with Panama's military leader and in other issues ranging from health care to defense policy.

It was the first of two debates scheduled for the general election campaign. At several points in the nationally televised 90-minute encounter Sunday, which took place at Wait Chapel on the campus of Wake Forest University in Winston-Salem, North Carolina, the nominees offered a clear picture of their disagreements on issues and values.

For instance, whereas Mr. Bush passionately defended "the sanctity of life," Mr. Dukakis said the vice president would "brand a woman a criminal" for choosing abortion.

Mr. Dukakis set the tone for his approach to the debate by going on the attack within three minutes of its start.

He did so by criticizing the Reagan administration's dealings with General Manuel Antonio Noriega, the Panamanian ruler, who has been indicted by two federal grand juries in Florida on charges related to drug trafficking.

"I want to be a president of the United States who makes sure that we never again do business with a drug-running Panamanian dicta-

See DEBATE, Page 6

Wayne Scarberry/Reuters-UPI

George Bush and Michael S. Dukakis before the debate in Winston-Salem, North Carolina.

Round 1: No Blunders by Either Side

By David S. Broder
Washington Post Service

NEWS ANALYSIS

WINSTON-SALEM, North Carolina — Governor Michael S. Dukakis kept the presidential race alive and in doubt on Sunday night by showing a huge presidential debate audience that he could deflect Vice President George Bush's efforts to place him outside the mainstream and could present himself as a man with the composure and character to fill the presidency.

Neither candidate was embarrassed by a major gaffe in the first of two televised debates. But the Democratic governor of Massachusetts, who entered the battle a step behind the Republican vice president in most public-opinion polls, gave millions who knew little about him several reasons to take his candidacy seriously.

Mr. Dukakis showed himself to be a man of liberal views on questions from abortion to housing to national defense. But his disciplined demeanor and his coherent answers appeared to frustrate Mr. Bush's efforts to wall Mr. Dukakis off from consideration by the middle-ground voters who have been having a hard time making up their minds about the race.

Showing the effects of intensive coaching, both men negotiated the 23 questions and the huge pressures of the event without a major blunder. But the few verbal gaffes came from Mr. Bush, and it was Mr. Bush who occasionally rushed his words and forced his voice into the upper register.

The pattern of the evening was set early when Mr. Bush took a question on the cause of the drug epidemic and turned it into an occasion for criticizing liberal ideologues who he said had argued for decriminalization of narcotics.

He aimed, as he has in almost all of his early campaigning, to solidify the conservative base that President Ronald Reagan constructed in two winning campaigns and to make it harder for Reagan Democrats to vote for a liberal like Mr. Dukakis.

Mr. Dukakis took the rebuttal to the same question and turned it into a lecture on the importance of leadership, tagging Mr. Bush and (by implication) Mr. Reagan as failures because of their past relationship with the de facto Panamanian leader, General Manuel Antonio Noriega.

They argued the point several more times, but each time it was Mr. Bush who was put in the position of explaining himself while Mr. Dukakis gave his sermonettes on leadership.

That pattern marked a major step for the governor in reclaiming the initiative in a campaign that Mr. Bush had dominated from the week of the Republican convention in August until the middle of this month.

In that period, Mr. Bush pinned Mr. Dukakis down with a battery of charges about his record as governor, notably the veto of a Pledge of Allegiance bill, a prison furlough

See ASSESS, Page 6

Johnson Fails A Drug Test And Will Lose Olympic Gold

By Michael Janofsky
New York Times Service

SEOUL — Ben Johnson of Canada, the Olympic 100-meter champion and the so-called world's fastest human for more than a year, has tested positive for using an anabolic steroid during his performance in the Olympics.

Johnson, whose stunning time in the race, 9.79 seconds, lowered his own world record, failed a drug test administered after his victory Saturday and will be stripped of his gold medal.

He will be the seventh and, by far, the most prominent athlete in the Games to fail a drug test and the first Olympic track-and-field champion to lose a gold medal. In the 1984 Los Angeles Games, Martti Vainio lost his silver medal when he tested positive for using steroids.

Johnson's gold medal was also the only one won in the Games by Canada.

Carl Lewis, who finished second in the 100-meter final in the American record time of 9.92 seconds, will be elevated to the winner's position, with Linford Christie of Britain moving to second.

The positive result, for a substance called stanozolol, which is structurally similar to the male hormone testosterone, was announced on Tuesday by officials of the International Olympic Committee.

The IOC learned of the test results Monday, two days after a second sample of Johnson's urine and confirmed what the initial sample had showed.

AP

Ben Johnson crossing finish line in the Olympic 100 meters

The results were first confirmed by Dr. Gustavo Tuccine, a member of the IOC medical commission, which met Monday to review the tests. The commission met again on Tuesday morning and recommended to the IOC executive board that the tests be declared valid and that Johnson's medal be removed.

Substances like stanozolol are taken by athletes to increase muscle mass, which in turn enhances performance. The test results do not indicate how long an athlete might have been using them, only that traces of the drug have been found in his system.

In the Olympics, and most other international and national events, medals winners and other finishers at random are required to give a urine sample after their events. Two samples are taken. If the first is positive, the second is tested. If the results are the same, the athlete, his coach and the appropriate officials are notified

The IOC has banned more than 100 substances that have been found to enhance the performance of an athlete.

The test results seem to vindicate Lewis, who said last year after Johnson had defeated him at the world track and field championships in Rome with a world record time of 9.83 seconds that "some athletes in this meet" had used performance enhancing drugs. He had

See JOHNSON, Page 6

At UN, Reagan Urges Chemical Arms Talks

By Julie Johnson
New York Times Service

UNITED NATIONS, New York — President Ronald Reagan, delivering a farewell speech, called Monday for an international conference to reinforce the existing global ban on chemical and biological weapons and improve adherence to it.

Mr. Reagan, condemning the use of poison gas as an "ominous terror" and a "horror," declared that the use of chemical warfare by Iran and Iraq had jeopardized the "moral and legal strictures that have held these weapons in check since World War I."

Addressing a crowded, polite UN General Assembly chamber, Mr. Reagan said: "It is incumbent upon all civilized nations to ban, once and for all, and on a verifiable and global basis, the use of chemical and gas warfare."

The United States manufactures poison gas but has not used it since the signing in 1925 of a Geneva protocol that bans its use. The Reagan administration is seeking to halt the recent use of chemical and biological weapons, notably in the Iran-Iraq war and more recently its alleged use by Iraq against Kurdish guerrillas.

An administration official said 112 of 159 countries worldwide had signed the Geneva accord.

"I call upon the signatories to that protocol, as well as other concerned states, to convene a conference to consider actions that we can take together to reverse the serious erosion of this treaty," Mr. Reagan said.

While administration officials and U.S. diplomats publicly remained vague on conference details, it was known one proposal for discussion at such a meeting would be a requirement that all signatories to any chemical weapons ban be willing to allow international investigators into regions where the use of poison gas was suspected.

Earlier this month the Reagan administration accused Iraq of using poison gas against Kurds in its northern regions and condemned such action as "abhorrent and unjustifiable." Afterward, the United States, Britain, West Germany and Japan asked the UN secretary-general, Javier Pérez de Cuéllar, to send an investigative team to Iraq to look for evidence of chemical warfare.

Iraq, which has denied the U.S. accusation, refused any entry into the area by international investigators.

In describing the conference, the only new initiative advanced in Mr. Reagan's speech Monday, the White House said it would encourage every country to sign the 1925

See SOVIET, Page 6

Kiosk

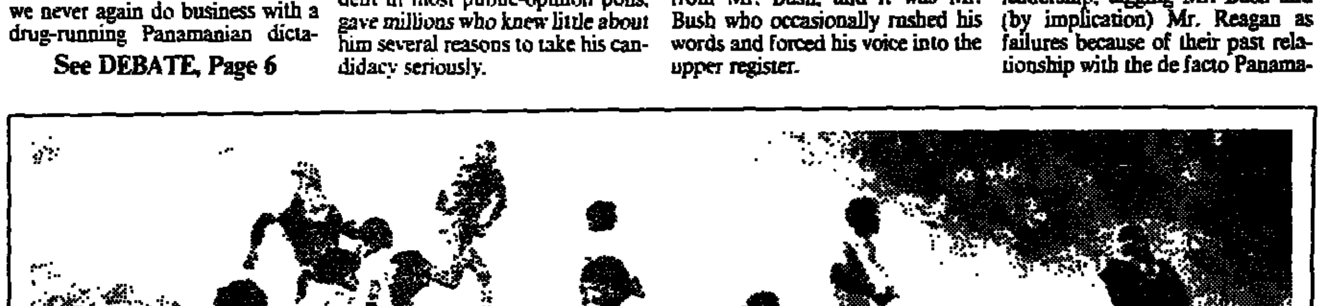
Ozal to Remain Despite Vote

ANKARA (NYT) — Although he suffered a clear defeat in a national referendum Sunday, Prime Minister Turgut Ozal said Monday that he was sufficiently satisfied with the results to withdraw an earlier threat to resign.

"We will be in power for four more years," Mr. Ozal said in a speech on the state-controlled television network. "The result is quite satisfactory for us."

Dow Close
Down 5.51

The Dollar In New York	
DM	1.8805
Pound	1.6733
Yen	134.475
FF	6.399



Jim Hollander/Reuters

Israelis Kill 2 Arabs and Wound at Least 46 in Palestinian Strike

Palestinian youths scattering Monday as tear gas cannisters exploded in the Arab community of Jaber Mukaber in Jerusalem, where a 23-year-old man was killed by Israeli soldiers. They killed a second Palestinian and wounded at least 46 others during a general strike in the Israeli-occupied territories, hospital officials and Palestinians said.

Japan Sets Aid Package For Indebted Nations

By Carl Gewirtz
International Herald Tribune

BERLIN — Japan unveiled Monday a plan to step up its financial aid to help relieve the Third World debt crisis in an initiative that reflects its desire for a greater share of the voting power within the International Monetary Fund.

Japan did not reveal a value for the plan nor for a proposal to be

Bérégovoy firmly rules out devaluation of the French franc against the Deutsche mark. Page 19.

presented Tuesday that would attempt to deal with the debt problem. As a result, nobody here for the joint annual meeting of the IMF and the World Bank yet has a clear idea how much money the Japanese are talking about.

The aid plan, to support structural adjustment in middle-income (mostly Latin American) debtor countries, is similar to unilateral actions Japan took in the fall of 1986 and the spring of 1987.

At that time, the Japanese government said it would recycle $30 billion of its enormous trade surplus to developing countries in the form of untied loans. That means the money would be made available without any obligation that it be spent buying Japanese goods.

In practice, however, a substantial portion was used for capital subscriptions and contributions to international financial institutions such as the World Bank and the Asian Development Bank — transfers that Japan no doubt would have made in any event.

The policymaking Interim Committee of the IMF "expressed great interest" in the Japanese proposal to provide additional cash.

But in private comments, European officials were extremely cautious, saying they wanted to see details of the proposal.

The new loans would also be untied, made at below-market interest rates, and for the first time, would be in parallel with IMF adjustment programs.

The financing would be made available through the Export-Import Bank of Japan. This has raised eyebrows among European officials, who said they were seeking clarification of the Ex-Im Bank's role in extending untied credits.

The Japanese debt moves fit neatly into current strategy of the IMF. The Interim Committee issued a pre-meeting statement Monday urging "more forceful actions" to resolve the financial difficulties of the debtor countries.

Satoshi Sumita, the head of the Bank of Japan, also said that Japan would double its foreign aid to at least $50 billion over the next five years, compared with $25 billion in the past five.

Mr. Sumita said that the weekend agreement by the Group of Seven industrialized nations to pro-

See IMF, Page 19

Central Banks Curb the Dollar

The dollar firmed Monday in brisk buying after a statement issued on the weekend by the Group of Seven industrialized nations but slipped from the day's trading highs when central banks intervened to stem the rally.

The G-7 nations, in a communiqué, promised to keep foreign-exchange rates stable but omitted a specific mention of the dollar.

As the dollar peaked around 1.8895 Deutsche marks Monday afternoon in Europe, the U.S. Federal Reserve and the central banks of West Germany, Britain, France, Switzerland, Italy and Austria sold dollars. The currency closed in New York at 1.8805 DM, compared with 1.8748 at Friday's close, and at 134.475 yen, against 134.375. (Page 15)

For Meat-Crazy Germans, Wurst Is Clearly Best

By Ferdinand Protzman
International Herald Tribune

FRANKFURT — Whether it is a pair of plump, succulent *weisswurst* served with a pile of potato salad in a boisterous Munich beer hall, a plate-sized Wiener schnitzel and a mound of fried potatoes at a gemütlich Hamburg gasthaus, or a crackling, roasted hog leg accompanied by sauerkraut in a Frankfurt applewine garden, Germans love meat.

Consumption of meat in general and red meat in particular has declined steadily in the United States and several other industrialized nations in recent years, as scientific evidence mounts that red meat's high fat and cholesterol levels increase the risk of heart disease.

In West Germany, the trend is running solidly in the opposite direction, despite medical and nutritional data that less meat is better, and a hormone scandal that cut drastically into veal sales over the past few weeks.

"There is absolutely no trend toward healthier eating here," said Wolfram Siebeck, the nation's leading food critic. "Germans feel they must eat meat once a day at least, regardless of the nutritional evidence to the contrary. And they love pork for the simple reason that it is the cheapest meat you can find."

Elisabeth Luttermann-Semmer, a nutritionist with the Deutsche Gesellschaft für Ernährung in Frankfurt, which tries to promote healthier eating, agreed that the trend is heading the wrong way.

"It's very difficult to get people to change their eating habits," she said. "I would like to say the slight rise in fruit and vegetable consumption over the past two years represents a trend toward healthier eating, but meat consumption has been rising much faster. About the only positive nutritional trend now is that Germans are eating more whole-grain bread and less white bread. Trying to convince people to eat less meat is a lot like getting them to quit smoking."

Per-capita meat consumption is 102 kilograms (224.9 pounds) a year and has been rising steadily since 1982, according to the Ministry of Agriculture. Pork, or *schweinefleisch* as it is known in German, is the undisputed favorite, accounting for just over half the total. Germans eat about 20 kilos of beef per capita, followed by fish and fowl at 10 kilos each.

By contrast, in 1987, per-capita consumption in the United States of beef and veal was 105.2 pounds (47.7 kilograms), lamb 1.5 pounds, and pork, 62.5 pounds, according to the American Meat Institute. In France, beef and veal consumption was 68.1 pounds, lamb 10.1 pounds and pork 75.4 pounds. In Japan, the per-capita veal and beef consumption was 15.9 pounds, lamb 2.9 pounds and pork 34.6 pounds.

A spokesman for the West German Agriculture Ministry said per-capita fruit-and-vegetable consumption climbed to 75.1 kilos in the fiscal year ending June 30, 1987, from 72.5 kilos the previous year.

"It depends a lot on the harvest," he said. "If it is a good harvest, there is a greater supply, prices go down and people eat more. But to say there is a trend away

See MEAT, Page 6

هكذا من الأصل

Assad's Influence in the Mideast Is Reduced as Events Bypass Syria

By Alan Cowell
New York Times Service

DAMASCUS — With the cease-fire in the Iran-Iraq war, Syria has been left perilously isolated in the Arab world, according to Western and Arab diplomats, estranged from some Gulf nations and exposed to Baghdad's threats of vengeance for supporting Tehran during the eight-year conflict.

Developments in Lebanon have also left President Hafez Assad confronting direct and indirect challenges to his authority in a land that Damascus seeks to dominate as part of a strategic zone some call Greater Syria.

Syria, by far the most radical of the so-called confrontation states bordering Israel, has long sought a leading role in Arab affairs, exercising a powerful veto drawn from its geographical location, its position as the Soviet Union's closest Arab client and, more recently, its alliance with Iran.

In Lebanon, where many regional feuds are played out by proxy, moreover, Syria has sought to extend hegemony and direct the Palestine Liberation Organization, nurturing schisms and fostering revolt against its chairman, Yasser Arafat.

In the last week, however, militias of the Maronite Christians and pro-Iranian zealots of the Hezbollah, or Party of God, have, in separate ways, defied Syria's authority. And Iraq, Syria's archrival, has reportedly seized upon Lebanon's turmoil to strike at Damascus by sending arms and money to the Lebanese Forces Maronite Christian militia, backed, incongruously, by Israel, too.

The outcome of these shifts and maneuvers is twofold: Lebanon is closer to formal partition than ever, preoccupying Mr. Assad. And Syria's ability to influence Arab thinking has been undermined at a time when the Palestinian-Israeli conflict is again at the top of the region's agenda.

"The Syrians are in a bind because they cannot get their influence felt," a Western official said. "They cannot assume that they can manipulate the Palestinians, and they can no longer say that their alliance with Iran gives them a role in the Gulf as brokers. It's an uphill struggle."

As has often been the case in the Middle East's shifting alliances, few would cast Syria's decline as necessarily permanent. "Something will happen that Assad can use to turn the situation in his favor," the official said.

"He's cunning, he's opportunistic. So he's waiting for something to happen."

Yet, recent months have brought little but decline in Syria's fortunes since a summit meeting of Arab leaders in Amman, Jordan, last November produced a consensus of moderate Arab support in favor of Iraq's war and Egypt's rehabilitation in the Arab world that Mr. Assad, an opponent of both, proved powerless to avert.

Moreover, the summit talks failed to formally renew a 10-year guarantee by Gulf Arabs of financial aid to Syria to support it in its confrontation with Israel. Only Saudi Arabia, a Western official said, maintains regular payments to Damascus, but these probably amount to less than $500 million a year.

"The Amman summit represented a basic power shift away from Syria," a Western official said.

In the subsequent upheaval in the Israeli-occupied West Bank and Gaza Strip, and in Lebanon, too, Syria's writ has been challenged.

The Palestinian uprising against Israeli occupation has strengthened the hand of the mainstream PLO leadership of Mr. Arafat over the rebels sponsored by Mr. Assad. At the same time, in recent weeks, Damascus-based leaders of the most radical wings of the PLO have met with Mr. Arafat to seek agreement on a common response to Jordan's decision July 31 to sever ties with the West Bank.

That runs counter to Syria's hostility to Mr. Arafat, expressed, over the years, both in armed conflict and political division. "We feel a bit isolated, we and the Syrians," said a prominent Lebanese Moslem ally of Mr. Assad. "In regional policy, the only people saying 'no' are the Syrians."

Most immediately, however, are the twin challenges of Lebanon and the Iran-Iraq cease-fire.

Tehran, an uneasy ally, did not inform Syria in advance of its decision in July to accept UN cease-fire terms with Iraq, a Western diplomat said. The cease-fire destroyed Syria's argument that its links with Iran could be used to mediate between the Arab world and the leaders of Iran's Islamic Revolution.

"The other Arabs are tickled pink because the Syrians can't even try to broker the idea that they can act as intermediaries," a Western diplomat said. Moreover, said an Arab envoy, the war produced an alliance of moderate nations — Iraq, Egypt, Saudi Arabia and Jordan — that specifically promoted Baghdad's cause against Tehran, to Syria's evident exclusion.

The cease-fire, an Arab diplomat said, "has left everyone in Damascus very nervous."

In Lebanon last week, the leaders of the Christian militia rejected a presidential candidate backed by both Syria and the United States, defying Mr. Assad and forcing a stalemate that has led to the creation of rival Christian and Moslem governments in separate, geographic fiefdoms — the apparent beginnings of a partition Damascus has always formally opposed.

At the same time, Iranian-backed gunmen from the Hezbollah shot dead three leading figures of the Shiite Moslem Amal militia, one of Syria's closest allies. The assassination took place in a Syrian-policed area of Lebanon, an affront to Syria's authority.

According to diplomats in Damascus and in Baghdad, Iraq has begun sending military supplies to the Lebanese Forces so as to harass Syria, and to embolden them in their rejection of what Christian figures depict as interference from Damascus. Baghdad, additionally, has called for Syria's expulsion from the Arab League.

The catalogue of woes has left Damascus casting around for friends.

Last week, a senior U.S. envoy, Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, completed five days of discussions with Syria over a candidate for Lebanon's presidency. Between them, the two sides came up with a little-known lawyer and Christian deputy from North Lebanon, Mikhael Daher. The choice, rejected by the Maronites as a diktat, reflected a coincidence of interests between Damascus and the United States, which once decried Syria as a sponsor of terrorism.

It reflected a wider U.S. interest, too, that may yet provide President Assad with an opportunity to revive his role as a key, Middle East player.

"The American aim is to get Syria to cooperate in the peace process," a West European diplomat said. "This is a very difficult and slow project."

Tension Rising Over Shuttle

As Launching on Thursday Nears, Some Doubts Linger

By William J. Broad
New York Times Service

NEW YORK — As the Thursday launching of the winged spaceship Discovery approaches, tension is rising among engineers and officials who say they feel they have done all they can to make the flight safe but who also know they can never be absolutely confident that a disaster will not occur.

Although the National Aeronautics and Space Administration has spent $2.4 billion to repair its shuttle fleet and improve safety, engineers said in interviews that there were, inevitably, lingering doubts about the complex craft, prompting many sleepless nights as the launching nears.

"People are queasy about it," said an engineer at the Johnson Space Center in Houston. "I just hope everybody's done their homework. If there are problems with this flight, a lot of people will be looking for jobs."

Much of the attention has focused on the faulty joint in a booster rocket that was blamed for the Challenger disaster in January 1986.

But the accident caused a more general reappraisal, and the space agency in the last two years has quietly doubled the estimated number of parts in the ship whose failure, like that of the infamous O ring seals in the rocket joints, could doom the spacecraft and its crew.

The agency has labeled 1,475 such items as "Criticality 1" items.

The chance of failure for most of these parts is, of course, quite small. Yet, some parts have proved especially worrisome. Because the booster rocket joints have been thoroughly redesigned and tested, experts are actually less concerned about them than about several other items.

According to NASA engineers, high on the list of worrisome items are the whirling pump blades in the shuttle's main engines, whose fracture could cause an engine to explode; a critical valve in a 17-inch (43-centimeter) fuel line, whose premature closing could also trigger catastrophic engine failure; and another, less publicized joint at the bottom of the shuttle's booster rockets, whose fiery breach could bring calamity.

None of these troublesome items are deemed so dangerous that the flight must be delayed. But several parts on the craft have defied totally satisfactory design and, like all "Criticality 1" parts, do not allow for backup systems that would prevent disaster should they fail.

By the time Discovery is launched, hundreds of engineers will have declared the items they work on to be ready even though they can never be sure everything will work as planned.

Some engineers worry that the space agency's new emphasis on safety and rigid conservatism in trying to minimize risk could slow the shuttle launching process to a crawl, with a string of demoralizing false starts and countdown delays in the days ahead.

Several officials of the space agency have stressed that they expect the liftoff to be delayed for safety reasons, perhaps repeatedly.

James F. Herrington, director of shuttle operations at the Kennedy Space Center, said in an interview that the first launching attempt would be marked by "a lot of soul searching" and repeated occasions "where we won't get off the ground for one reason or another."

He added: "We have to get this one under our belt and build up confidence in ourselves."

In informal risk assessments, current and former NASA engineers agree that the shuttle's three liquid-fueled main engines were right at the top of the danger list. By nearly any standard, these engines are a remarkable piece of technology. Compact and lightweight, they operate at a higher chamber pressure than any other engine on Earth — twice the pressure of the giant engines used in the Saturn V rockets that took man to the moon.

But high performance also brings risk. In particular, the high-speed turbopumps that deliver fuel to the engines at a furious rate have had blades crack on occasion. Although a series of improvements have been made, the fear remains that a blade might one day break away during ascent.

"If the turbopump flew apart, it would throw shrapnel and the engines would basically explode," said Sam T. Beddingfield, who retired in November 1985 as deputy director of shuttle projects at the Kennedy Space Center.

The Associated Press

Workers at the Kennedy Space Center checking the nozzles of Discovery, the space shuttle that is due to be launched Thursday.

Tax Measure Is Stalled in Japan Diet

By Patrick L. Smith
International Herald Tribune

TOKYO — The ruling Liberal Democratic Party was forced Monday to extend a special parliamentary session in an effort to advance crucial tax legislation.

The extension reflected the political damage sustained by Prime Minister Noboru Takeshita in a stock scandal involving him and other high Japanese officials.

While the administration is in no immediate political danger, some Liberal Democrats and independent analysts said Monday that passage of long-awaited changes in the Japanese tax system, along with fallout from the stock market affair, may eventually mark Mr. Takeshita as a one-term prime minister.

The financial scandal, which involved the private sale of stock in a fast-expanding real estate company to aides of Mr. Takeshita and other officials, has hindered progress on a package of tax reforms since the scandal erupted in July.

It also appears to have reduced the administration's credibility by associating Mr. Takeshita with an apparent rise in unethical behavior among government officials.

Although the Liberal Democrats won a 59-day extension of a session Mr. Takeshita convened in July to pass new tax bills, there is now a strong possibility that the prime minister's reform package will be delayed at least until next spring.

The extension, which was passed despite a parliamentary boycott by the three major opposition parties and protests in the Diet by a fourth, is intended to provide for the inclusion of tax cuts and a new sales tax in the budget for the fiscal year that begins next April.

The administration's chances of success have been further complicated by the declining condition of Emperor Hirohito in recent days. Should the emperor die soon, political analysts said, the cabinet would be preoccupied with managing the imperial transition and Mr. Takeshita would be reluctant to struggle in parliament during a period of national mourning.

Before the eruption of the scandal surrounding purchases of stock in Recruit Cosmos Co., Mr. Takeshita said he would stake his "political life" on passage of tax reforms, which are intended to correct long-standing inequities in the system and help correct trade imbalances by enhancing Japan's ability to consume more imports.

WORLD BRIEFS

Gunmen Kill Sri Lankan Minister

COLOMBO (AP) — Gunmen shot and killed a cabinet minister Monday who had been helping rebuild two provinces dogged by five years of ethnic violence. The dead man, Lionel Jayatilleke, 64, served as education minister and as minister of rehabilitation and reconstruction.

Three unidentified assailants opened fire on Mr. Jayatilleke's car, killing him instantly and seriously injuring two bodyguards, the military said. The Joint Operations Command said the shooting occurred near a Buddhist temple in Kuliyapitiya, 40 miles (65 kilometers) northeast of Colombo.

There was no immediate claim of responsibility for the killing. Military officials, who requested anonymity, said they suspected the People's Liberation Front, an extremist group that has vowed to kill anyone who supports an agreement of July 1987. The accord tried to end the civil war in Sri Lanka's Northern and Eastern provinces, which contain majority Tamil populations.

230 Killed in Northern India Floods

CHANDIGARH, India (Reuters) — Floods sweeping northern India have killed more than 230 people in four days and marooned over 200,000, government officials said Monday.

Governor Siddharta Shankar Ray of Punjab state, the worst hit, said he had ordered a full-scale emergency response to help keep marooned people alive until they could be rescued. He said he had drafted army motorboats to help in the rescue work and helicopters to drop supplies to people, some of whom had spent three days clinging to treetops.

Three of Punjab's five main rivers have overflowed. A 60-kilometer (40-mile) stretch of road between Julhunder and Ludhiana, two of the state's major cities, was under at least two meters (six feet) of water.

Gunman Kills Pupil at U.S. School

GREENWOOD, South Carolina (AP) — A gunman entered an elementary school Monday and opened fire with a pistol, killing one pupil, wounding 10 other people and sending terrified youngsters fleeing into the woods, authorities said. Police took a suspect into custody.

Self Memorial Hospital said eight children and two teachers were brought there, all suffering from gunshot wounds. It said six of the 10 were treated and released and four were being admitted, including a child who was in critical condition.

Thad Barr, a janitor at Oakland Elementary School, said he was not sure where the gunman opened fire but that at one point the assailant was in the lunchroom shooting and then went down the hall shooting into classrooms. Philip Browning, a physical education aide, said after the man stopped shooting, he threw the pistol down and walked out of the building as if nothing was wrong. Mr. Browning said he held the suspect until police arrived.

Turnout in French Vote Is Only 49%

PARIS (AP) — Less than half of the eligible voters turned out for the first round of local cantonal balloting Sunday, prompting a number of calls Monday for regrouping some elections.

The turnout was 49.26 percent in the voting, in which half of the representatives on the general council of each of France's 95 departments are elected to six-year terms. It was the lowest turnout in postwar history. Runoff elections are set for Sunday.

The total vote for rightist parties was slightly above the 50 percent mark, at 50.38. But with such a low turnout, reading the political significance of the results was difficult. The most significant result appeared to be the poor showing of the the extreme right National Front, which won 5.26 percent of the vote compared with more than 14 percent in last spring's presidential election.

Lebanon Minister Shifts 3 Officers

BEIRUT (WP) — The Christian head of Lebanon's contested military cabinet replaced three leading army officers, including the chiefs of military intelligence and the presidential guard, Monday in an effort to consolidate power, ministerial and military sources said.

The cabinet chief, Major General Michel Aoun, who is also commander in chief of the Lebanese Army and defense minister, removed three Christian Maronite officers loyal to the former president, Amin Gemayel, in his latest move as prime minister of one of two rival administrations.

The Sunni Moslem-led cabinet of acting Prime Minister Selim Hoss has rejected the legitimacy of General Aoun's government, but has yet to carry through on a warning to strip him of his duties as commander if he does not stop meddling in politics.

Paris Will Not Discuss Nuclear Arms

PARIS (WP) — Defense Minister Jean-Pierre Chevènement said Monday that conventional weapons were France's top priority for East-West arms reduction talks in the months ahead.

The position, outlined in an interview, reflected what appeared to be increasing willingness in President François Mitterrand's government to work smoothly with the United States and NATO allies in getting conventional arms talks started in Vienna with Warsaw Pact nations.

Mr. Chevènement reiterated France's determination to keep any reference to French nuclear weapons out of the discussions. Paris has long feared that the Soviet Union and its allies could broaden conventional arms talks into an effort to remove all nuclear weapons from Europe, including cuts in France's independent force. "Our priority is conventional disarmament, and we don't want nuclear weapons brought into that in any way," he said.

Democrats Say Wage Bill Is Dead

WASHINGTON (AP) — Senate Democrats said Monday that Republicans have effectively killed chances of raising the $3.35 an hour minimum wage this year through a five-day filibuster.

"There is no point in our continuing to pound on their door," said the Senate majority leader, Robert C. Byrd, a West Virginia Democrat. "I'm now conceding that the Republican filibuster was successful."

The bill by Senator Edward M. Kennedy, a Massachusetts Democrat, would have raised the wage floor, which has been at its present level since 1981, to $3.75 in January, $4.15 in 1990 and $4.55 in 1991.

U.S. Scientists Develop Theory of Superconductors

By Malcolm W. Browne
New York Times Service

LOS ANGELES — A team of scientists from the California Institute of Technology has announced the development of a long-sought comprehensive theory explaining important aspects of superconductivity, the phenomenon in which certain materials are able to conduct electricity without resistance.

The theory appears to rule out the possibility that currently known superconductors, which operate in conditions of extreme cold, could ever be made to work at room temperature. This requirement would be necessary for many of the technological marvels envisaged when researchers first discovered the new class of materials that are superconductors at relatively high temperatures.

But the scientists predicted Sunday that their theory, based on complex calculations involving the quantum mechanics of bonds between atoms, would eventually guide experimenters in developing materials that would become superconductive at much higher temperatures than is possible with existing materials.

An outline of the theory was presented at the annual meeting in Los Angeles of the American Chemical Society by Dr. William A. Goddard 3d, a professor of chemistry and applied physics at the California institute, and three of his graduate students, Guanhua Chen, Yuejin Guo, and Jean-Marc Langlois.

Superconductivity has already been exploited in many scientific instruments, astronomical sensors, and such clinical diagnostic techniques as nuclear magnetic resonance, which is used to view the brain and other previously inaccessible parts of the human body.

But the theory presented Sunday may disappoint engineers and others who had hoped that recent advances would lead to trains levitated and propelled by superconducting magnets, or to power lines in which current flowed without loss.

Superconductivity was discovered in 1911 when it was found that certain metals completely lost their resistance to electricity when chilled by liquid helium to a temperature only a few degrees above absolute zero, the point at which all molecular motion stops. That is 459.67 degrees below zero Fahrenheit (minus 273.15 centigrade).

In the past few years, experimenters have hit upon a dozen or so compounds that become superconductive at relatively high temperatures. But despite these laboratory successes, theorists have been unable to explain the phenomenon or to offer guidance for future experiments. The California institute's theory may for the first time fill this gap, its authors say.

Dr. Goddard said in an interview that the new "magnon-pairing mechanism" theory calculated superconducting temperatures for compounds containing copper oxide, a component of all the new superconductors. These theoretical calculations closely matched the results of actual experiments, he said.

Dr. Paul C.W. Chu, of the University of Houston, a leader in the field, said in a telephone interview that although he had not yet had an opportunity to study the new theory, it would be "very important" if it could really predict the conditions of superconductivity.

Dr. Goddard said calculations based on the new theory showed that laboratory experimenters had a long way to go before reaching the theoretical limiting temperature his group has calculated for copper oxide superconductors. The theory predicts that some variant of a copper oxide compound could one day be discovered that would become superconductive at a temperature as high as 54.7 degrees below zero Fahrenheit, he said.

This temperature is well above the temperature of the dry ice (frozen carbon dioxide) often used to refrigerate ice cream and certain drugs, 108 degrees below zero Fahrenheit. A superconductor that could be chilled by something as readily available as dry ice would find many applications in devices used to operate motors and computers.

But, while cheaper to operate than a superconductor requiring liquid helium or liquid nitrogen, it would still be much more expensive than a room-temperature superconductor requiring no refrigeration at all. For very large-scale applications of superconductivity, such as power lines, power storage facilities and superconductive magnetically levitated trains, any need for refrigeration might be prohibitively expensive.

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At Major Party Meeting, Zhao Urges 'Rectification' of Chinese Economy

Reuters

BEIJING — The Chinese Communist Party leader, Zhao Ziyang, called for "rectifying the economic order" on Monday, the first day of a major meeting of the party Central Committee, the news agency Xinhua said.

Beijing's official media provided only a terse outline of speeches at the meeting, by Mr. Zhao and a deputy premier, Yao Yilin. The meeting is expected to approve measures to cool the overheated Chinese economy and reduce its worst inflation since 1949.

Xinhua quoted Mr. Zhao as saying "rectification" and "improving the economic environment" would be the main tasks for the next two years.

Mr. Yao outlined a preliminary plan on price and wage reforms, but no details were disclosed.

■ Soviet Model Abandoned

Edward A. Gargan of The New York Times reported from Beijing:

In the last year, as China has moved farther away from the Soviet model of socialism, the country has been wracked with soaring inflation, bank runs by panicky depositors, corruption within the bureaucracy and a rising tide of worker unrest.

The Chinese financial system is in disarray with an uncontrolled growth of the money supply. Its currency is sinking rapidly in value against the dollar, and a patchwork of free and controlled prices has created gluts and shortages for everything from industrial raw materials to daily consumer goods.

Salt, the most fundamental seasoning in Chinese food, is now being rationed in Beijing. Pork, sugar, eggs and cooking oil have been rationed for six months, and people in the capital are beginning to voice doubts about the benefits of the country's economic direction.

The problems have severely shaken Chinese leaders, according to Chinese academics who are familiar with discussions over major policy issues, and Mr. Zhao has lost some of his authority over policy making.

Already, hints that the leadership will scale back dramatically various forms of economic experimentation and restructuring have appeared in the Chinese press.

The China Economic News, a weekly review of economic and financial issues, recently said that "the transition from the old economic order to a new economic order" is now generally held responsible "for most of the irregularities of Chinese society."

This new economic order, what Chinese newspapers are calling "the new order of socialist commodity economy," has achieved much, particularly in recent years.

Chinese farmers, almost all of whom till their own land, are thriving. For the first time in Chinese history, farmers are benefiting from substantial economic growth.

In urban areas, department stores are jammed with consumer goods, from television sets to refrigerators, stereo systems to cosmetics.

Tokyo Newspaper Apologizes Over Hirohito Report

Washington Post Service

TOKYO — The English-language edition of Mainichi Shimbun, the Tokyo newspaper, printed an editorial Monday that referred to the critically ill Emperor Hirohito as if he were already dead. The newspaper immediately apologized for the error and replaced copies of the offending edition on Tokyo newsstands.

The editorial, which "bid farewell to" and mourned "the demise of His Majesty the Emperor," was written in advance to run only after the emperor's death, which is considered imminent.

Newspaper officials say they do not know how the editorial made it into print. But within hours of its appearance Mainichi's president, Yuzuru Watanabe, went to the Imperial Palace to apologize to the head of the Imperial Household Agency.

The agency tightly regulates information about the imperial family and has rigid ideas about what is acceptable coverage. Although the emperor is no longer worshiped as a god, he is still treated with great reverence.

The offending editorial ran only in the Mainichi Daily News, the English-language edition of Mainichi Shimbun.

The newspaper bought back from distributors and newsstands as many of copies of the paper as it could find.

It also printed a corrected press run of the English edition with a front-page apology. The evening Japanese-language Mainichi Shimbun also ran a front-page apology, even though it had not published the editorial.

TRAVEL UPDATE

Air Inter Promises Normal Traffic

PARIS (AFP) — The French domestic carrier Air Inter said Monday that its traffic would be normal Tuesday and Wednesday, despite a union call for a strike of pilots and flight engineers for the two days.

Air Inter has not canceled any of the 330 flights scheduled for Tuesday or the 360 for Wednesday. Sixty flights each day would be made by aircraft chartered to replace strike-bound planes, it said. The strikes are over the union's insistence that crews of three should fly the new Airbus A-320, instead of the two the aircraft was designed for.

France has rejected a request from the 21-nation Council of Europe to persuade it to relax its visa regulations for foreign visitors from outside the European Community, the council's president, Louis Jung, said in Paris on Monday. *(Reuters)*

Italy's rail services were paralyzed Monday by a 24-hour national strike of workers in all sectors of the industry. The strike was called by the three main union federations to protest plans to cut 40,000 jobs over the next five years and modernize the system. *(Reuters)*

Almost a decade ago the Hoover Institution published a book, *The United States in the 1980s*, which Mikhail Gorbachev described as the blueprint for the policies of the Reagan administration. A phenomenally successful public policy book, it sold 25,000 copies in four editions. Now the same organisation offers its blueprint for the 1990s - 47 original bipartisan essays by America's leading statesmen, scholars and writers, including four U.S. Presidents and four Nobel Laureates. **Contributors include:** Jimmy Carter, Milton and Rose D. Friedman, Gerald Ford, Philip C. Habib, F. A. Hayek, Seymour Martin Lipset, Richard Nixon, Ronald Reagan, George Schultz, Aleksandr Solzhenitsyn and Casper W. Weinberger.

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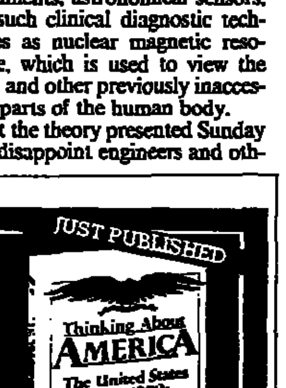

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International Herald Tribune
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A Barrier in Krasnoyarsk

The routineness of high-level Soviet-U.S. contacts may be the Reagan administration's chief foreign policy legacy. So normal and numerous were the meetings between Secretary of State George Shultz and Foreign Minister Eduard Shevardnadze, for instance, that no one seems to mind that what was probably the last round in this unprecedented dialogue ended without much additional progress to report. The common assumption is that the next U.S. president, whoever he is, will pick up the habit of across-the-board discussions begun by Ronald Reagan and that the methods and goals will not change in any substantial degree. Considering where things were eight or 10 years ago, this is, for Mikhail Gorbachev and Ronald Reagan, a major achievement and, for the rest of us, a cause for measured hope.

The end of this administration's dealings with Moscow may be most notable for a step not taken. There were strong pressures on the administration to declare the radar that the Soviet Union has built at Krasnoyarsk not simply a violation, which it is, but a "material breach" of the 1972 Anti-Ballistic Missile Treaty. This would have had the effect of nullifying the ABM Treaty — removing it as the roadblock it now is to early sophisticated tests in space of Mr. Reagan's prized missile defense system, the Strategic Defense Initiative. But to do so would also have meant the difference between bringing pressure on the Soviets and effectively inviting them to turn their back on any further arms control deals.

In the end, Mr. Reagan did not take the more fateful step. Instead, he toughened his insistence that the United States will make no further arms control agreements — not even the long-sought START agreement cutting offensive warheads — until the Krasnoyarsk radar has been dismantled. In the heat of the American political campaign, Michael Dukakis soon adopted the same stance.

Mr. Gorbachev has been looking for a Krasnoyarsk face-saver — a way to concede a violation, so that arms control talks can move forward, without eating too much crow. One of his approaches is to offer to bargain dismantling for American repudiation of the claim that the ABM Treaty permits SDI space tests. Another approach is to turn Krasnoyarsk into an international space tracking center. Mr. Shultz and Mr. Shevardnadze had a go at this issue last week and apparently made no headway.

It is premature to consider the illegal Soviet radar at Krasnoyarsk a permanent obstacle to further Soviet-U.S. arms control. But it is an obstacle entirely of Soviet creation, and its removal is one of the first questions that the Kremlin is going to have to resolve as it contemplates the shape of its relationship with the next U.S. administration.

— *THE WASHINGTON POST.*

The Debate: Call It a Tie

The debate Sunday was a curiously subdued affair in which the programs of the two presidential candidates and the journalistic format prevented either candidate from getting up much steam, and certainly from launching a full assault on the other. We scored it as something of a standoff.

Vice President Bush had one overarching purpose: to do everything he could to instill the thought that the election is a referendum on values — his supposedly in the mainstream, those of Governor Dukakis on the liberal left. Obviously he feels this formulation plays to his strengths and his opponent's weaknesses. Mr. Dukakis, on the other hand, tended to slip away from confrontation on values and bent himself to demonstrating that he is capable of providing "leadership," the area where his analytical style and personal intensity help him most.

As happens in these presidential debates, each candidate was generally more concerned with getting across his chosen message than with answering the reporters' questions or the other candidate's challenges. Still, there were peaks of personal assertion along with the troughs in which the two of them repeated, with some rambling, their familiar positions. The exchanges were never exactly riveting, but they did provide a good reprise of the campaign so far.

There seemed, however, little in the debate that was likely to change many voters' minds, and perhaps even less that would deepen and confirm the lightly held views that many people seem to hold at this point. A certain useful sort of information about the personal qualities and reactions of the candidates comes across in a debate like this. But it is doubtful, in this debate anyway, that much information was supplied of the sort that lets one make final judgments of character. Fewer questions and more follow-up, more exchanges between the candidates, a lesser role for the journalists: These are the things that might make the following debates more productive.

— *THE WASHINGTON POST.*

A Door, but With a Catch

Secretary of State George Shultz has promised to open America's doors to more refugees next year. This is welcome news, reaffirming the U.S. commitment to help those seeking asylum. But there is a catch. Because Congress has already set a ceiling on financial aid, the new refugees will receive less help getting started than did many of their predecessors. That may be a reasonable trade-off. Some experts argue that present benefits are more than adequate. But it also suggests a need for clearer signals between Congress and the executive branch to match resources to refugees.

There are more than 12 million refugees worldwide who face persecution if they return home. Most U.S. assistance is aimed at resettlement efforts overseas, but thousands of refugees are admitted to the United States under annual allotments for various areas. These ceilings fluctuate with changing world conditions and with the funds available for medical and social service benefits after the refugees arrive.

For 1989, Congress appropriated enough to give 68,500 refugees benefits for up to 31 months. Two weeks ago, however, Mr. Shultz said that as many as 90,000 refugees could come next year. But benefits would be cut to 24 months. The majority of the new refugees, 53,000, would come from Asia, including 25,000 from Vietnam, an increase of 16,500 over this year. The other Asians, including boat people, would come from "first asylum" countries like Thailand, which are losing patience as Western promises to resettle refugees go unfulfilled.

Mr. Shultz would also generously admit 24,500 refugees from Eastern Europe and the Soviet Union, though there are more Soviet Jews and Armenians wishing to go to America than even that ceiling can accommodate.

Mr. Shultz is sending refugees the right message. But planning would be improved if future administrations proposed ceilings in the spring. That would allow better coordination with the appropriations process and encourage consultation on how many refugees can be accommodated and how long benefits should continue. There is good will on this issue both in Congress and the executive branch. But there is a distressing lack of coordination.

— *THE NEW YORK TIMES.*

Other Comment

By Not Losing, Both Men Won

There was no apparent winner, there were no revelations and absolutely nothing new emerged about the candidates' intentions. George Bush approached the debate with a slight edge in the opinion polls, an advantage that had grown in the past few days. So Michael Dukakis absolutely had to attack. He did so, pugnaciously, but the Republican candidate resisted the assaults rather effectively. The Republican camp appears to have achieved its essential goal: No irreparable harm was done.

— *Le Monde (Paris).*

Folly of an Aging Leadership

Burma is a lesson of the folly of an aging leadership which refused to allow change. People do not always agree with everything their government does, but before any government can run a country successfully it has to command the support of the bulk of the population. It is quite obvious that the Burma Socialist Program Party does not enjoy this support within Burma. In the long run, even the most loyal general must realize that Burma cannot be ruled by force alone.

— *The Straits Times (Singapore).*

One Can Pray, but Little Else

Even before the flood, Bangladeshis were among the world's worst fed people. Dhaka is seeking three million tons of food as emergency foreign aid, but that amount would seem to make only a dent in the hardship. Whether such supplies could reach the victims in time, moreover, is extremely questionable. When asked what the world could do to help, President Hussain Mohammed Ershad replied, "Pray for us." The frustrating thing is that there seems little more that can be done. What the world can do is gauge the scope of this calamity and, against a recurrence, begin rectifying the crazy system of subsidized food production and rich-country grain-dumping that has depleted reserves. Until relief networks are prepared for the worst, the Bangladeshes everywhere will have to get by on prayers.

— *Asiaweek (Hong Kong).*

Much Is Riding on the Shuttle

The space shuttle Discovery is finally ready to fly. Anticipation is natural, after nearly three years of watching Soviet space exploits. The United States cannot sit idle while others move forward, despite the impatience of critics eager to re-direct the shuttle's $3.5 billion annual budget elsewhere.

Much is riding on Discovery. Another failure would be disastrous. Since the 1986 Challenger tragedy, 500 shuttle parts have been redesigned. A successful launch would reignite public interest in space explorations of all kinds, for the public's imagination is deeply stimulated by human triumph in space, that most hostile of environments.

— *The Baltimore Sun.*

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OPINION

An Even Debate, but Bush Sounded Harsh

By William Safire

WASHINGTON — Michael Dukakis more than held his own with his better-known opponent, and to that extent gained from their debate Sunday; George Bush did nothing to blow his lead, and to that extent his supporters can breathe a sigh of relief.

The most dramatic moment — and what counts in these confrontations is the moment that sticks in people's minds — was based on the decision to keep hammering away at the Massachusetts governor on his veto of a bill requiring public-school teachers to lead the Pledge of Allegiance, and on his association with the American Civil Liberties Union.

Answering a question from Peter Jennings about using the inflammatory adjective "card-carrying," the vice president sought to smear his opponent with all the unpopular stands of the ACLU, and threw in the "pledge issue" on his own.

"Of course he is questioning my patriotism," responded Mr. Dukakis, "and I resent it. Nobody's going to question my patriotism as the vice president has, repeatedly."

He did not seem to resent it deeply, because that is not his style, but the point came across that he believed it was prudent to express some restrained resentment.

The Bush camp believes it scored with this exchange. A debate, however, is not "won" on points made or shots taken, but on impressions; my own impression is that this sort of harsh and mean-spirited assault has reached the point of overkill. Maybe it worked at the start, but now all this symbolism is turning sour.

Not that the Democrat was above delivering a low blow: The imputation that Mr. Bush would subvert Social Security was his own brand of gutter politics. And his hackneyed claim that the U.S. stockpile of nuclear arms was "enough to blow up the Soviet Union 40 times over" was not only demagoguery, but an insult to the intelligence of anybody interested in arms control.

Mr. Dukakis mastered the art of ending his two-minute answer with a charge that required the rebuttal to be defensive. After the first time, Mr. Bush refused to be suckered and went ahead with his own attack, but on the Iran hostage deal he did not come out well. Mr. Bush decided early on that evasion was his course, and he is stuck with that position.

The expected Dukakis attack on Senator Quayle fizzled; Mr. Bush came back with a spirited defense. By inviting viewers to watch the coming Quayle-Bentsen debate, the vice president showed confidence.

On the battle of the one-liners and ripostes, Mr. Bush was eagerly well prepared. To the scornful Dukakis "But George, that's no answer," the viewer could hear, "You might not like the answer, but it's an answer."

And when Mr. Dukakis zapped him on taxes with a comparison to the man in the television commercials who lies outrageously, Mr. Bush zipped back with: "Time to unleash the one-liners? That answer was about as clear as Boston Harbor."

What of the fundamental disagreements? They were laid out to be seen, from nuclear defense to abortion, and supporters of each position thought their man won. When opposing the death penalty, Mr. Dukakis hastened to add, "I'm also tough on violent crime," which drew a laugh from the Bush backers. (Do we really need a studio audience? No. Do we need reporters to get between the two men? No.)

Will this joint interview make up minds among the vast throng of undecideds? I think it will begin to.

The people who have been made to wonder if Mr. Dukakis is some kind of rabid lefty kook will now reject that charge; in his presentation and demeanor, he came across as a respectable candidate, if somewhat short of presidential timber. He is less of a mystery man to millions who had been politically inert, and those of us who are persuaded that he is a sheep in wolf's clothing will have a tougher row to hoe.

The vice president was grimly determined to get across his metaphor for voluntarism — "a thousand points of light" — just as his opponent was programmed to say the word "tough" as often as possible. That is superficial stuff.

The serious point made by the "debate" is that Mr. Bush must stop playing not to lose and start playing to win. That will not happen with negative ads and by running against Jimmy Carter. It can happen if Mr. Bush raises his sights and says where he intends to take the nation.

The New York Times.

From Jews in America and in Israel, a Split Ballot

By Wolf Blitzer

WASHINGTON — In what seems to be a curious difference of opinion, American Jews favor Michael Dukakis for president while Israeli Jews prefer George Bush.

Not that the American Jewish community believes Mr. Dukakis will be more supportive of Israel than Mr. Bush. They don't. Rather, American Jews, by and large, have traditionally felt more comfortable with the Democrats on many other issues. This election is no different.

As for the Israelis, they are focused on the U.S. attitude toward their country, and that points them toward the Republicans. Israelis see the Reagan administration as having been very supportive in recent years. They like the fact that conservative Republicans, fearful of the Soviets, tend to see Israel as a strategic asset. Even Richard Nixon, who may have had anti-Semitic tendencies, came through for Israel during the 1973 war.

And Israelis appreciate the hard-line attitude taken by the Reagan administration on defense. They like a readiness to spend money on weapons. The spillover for Israel is usually beneficial.

Yet, Israelis are not under any illusions that a Republican administration would treat them more gently than a Democratic one. They suspect that a Bush administration would attempt to pressure Israel into making concessions to the Palestinians. They do not believe that Mr. Bush necessarily shares the same deeply held pro-Israel gut instincts of a Ronald Reagan or a George Shultz.

But they believe that Michael Dukakis probably would be as hard on Israel as Mr. Bush, or virtually any American president, given the pressures for war and peace in the Middle East. They recall Jimmy Carter's tough tactics. And they worry about the left wing of the Democratic Party, supporters of Jesse Jackson — people who favor Palestinian self-determination, meaning the creation of an independent Palestinian state.

Both candidates have expressed down-the-line support for Israel. This was made clear to me in recent interviews I had with Mr. Bush and Mr. Dukakis. While there are differences on specific questions — such as the future of Jerusalem or the option of a Palestinian state — both want to continue strong American-Israeli ties.

Next year promises to be a difficult one between Washington and Jerusalem irrespective of who wins the U.S. election — or of who wins the Israeli elections in November. Many critical issues will be coming to the fore. And there are serious differences between the United States and Israel that cut across partisan politics.

As a result, Israelis are tough and pragmatic in weighing the impact of U.S. presidential politics on their country. Recently, I have heard from top Labor and Likud leaders that it is always in Israel's best interest to have one party in control of Congress and the other in the White House.

If Democrats retain their majority on Capitol Hill, these Israelis maintain, Israel would be better off with the Republicans in charge of the White House. Israel's many Democratic friends in Congress would automatically be more anxious to challenge a Republican president. Israelis and their American friends have been very successful over the years in playing off one American party against the other.

Ironically, the Arabs are tilting toward Mr. Bush as well. They probably suspect that he is some sort of secret Arabist, having served in the Central Intelligence Agency. Based on what they tell me, most Arabs believe that Mr. Bush, who also has a big-business background and oil connections, will be more willing to lean on Israel.

For American Jews, the issue of U.S.-Israeli relations is not as prominent this year as it has been in past campaigns. Since Mr. Bush and Mr. Dukakis are both perceived as friends of Israel, American Jews are free to vote on other issues, such as the economy, broader foreign policy considerations and social questions. It is these issues that place them, traditionally, with the Democrats.

The writer, Washington bureau chief of The Jerusalem Post, contributed this to The New York Times.

Conversation, and an Education, in Pushkin Square

By Michael H. Haltzel

WASHINGTON — The international conference would not begin until dinner, so in midmorning I decided to take advantage of Moscow's brisk September weather for a stroll. After walking up Gorky Street from the Kremlin, I arrived at Pushkin Square, recently a favorite gathering place for discussions and demonstrations. A crowd had gathered on the sidewalk in front of the Moscow News, which has used glasnost to earn a reputation for hard-hitting journalism. People were reading that day's paper, posted in display cases.

After managing to squeeze into the throng to read the articles, I turned to continue my walk when a medal-bedecked veteran in his 60s turned to me, shaking his head, and asked: "What's the use of these kind of articles? Whom do they help?" Amazed that he didn't immediately recognize me as a foreigner, I answered that though I could speak Russian I was not a Soviet citizen; it really was not for me to say.

"Where are you from?"

The United States, I told him.

"Oh, America. Why do you go around the world messing into other countries' business?" His initial belligerence had turned into a growl.

I allowed as how American troops were not the ones in Afghanistan, a response that removed any of his remaining composure. "You and Pakistan are helping the bandits; we're helping the people! And you Americans fought in Vietnam!"

By now several other newspaper readers had gathered around us. When I explained that many people around the world compared Afghanistan to Vietnam, there were murmurs of agreement. A shabbily dressed man declared that the invasion of Afghanistan had been a bad mistake. The discussion took off, and more and more bystanders joined in:

"Who will win your election?"

"Is it for real or only a charade?"

"Of course it's for real. They have a genuine democracy over there."

In turn, I asked what they thought of Mikhail Gorbachev and perestroika. There was buzzing all around. One man replied that Mr. Gorbachev had been very good when he first took over but that soon he had been co-opted by the system.

A powerfully built man declared: "We don't need perestroika. We need another revolution." I gulped.

Then more questions for me. A Central Asian asked what would happen in America if a suit in a clothing store didn't sell at a given price. I told him the price would be lowered.

"Well, here they let suits hang on the racks for 10 years at the same price." There was general laughter.

I asked whether I might ask a sensitive question. "Of course."

In the West we read a lot about Soviet nationalities problems, I began. For example, I couldn't understand why the Soviet government did not prevent the bloody anti-Armenian pogrom in Azerbaijan in February.

The dam burst. One person replied that he thought the authorities in the Kremlin simply hadn't been informed in time. "You can't imagine the bureaucracy, the inertia here," he said. A second shook his head sadly and said that ethnic hatreds were widespread.

A red-haired engineer, speaking in the rough accents of the Baltic region, mentioned McCarthyism and the Ku Klux Klan and asked whether I believed fascism was a danger in the United States. I told him that crime and drugs were the real domestic threats in America, not fascism.

Suddenly I noticed that several people were looking over my shoulder. I turned around to see a man with an expensive camera snapping pictures of me. Wait a minute, I yelled; I don't want to be photographed. The photographer said he was a Russian working for the West German magazine Stern. Then another man with a camera popped up, flashing credentials from a Soviet youth publication. Two people tried to put their hands in front of the cameras. "Can't you see he doesn't want to be photographed?"

The irony of the situation struck me. I told the crowd that when I was in Moscow as a graduate student in the 1960s, people would often object to my taking pictures. Now I was the one complaining. Everyone laughed.

I returned to Mr. Gorbachev. Did anyone object to his foreign policy, I asked, especially the INF Treaty with the United States? No. It was just that his policy of perestroika still had not given anyone anything tangible.

I told them I had heard that because of glasnost the Soviet people had lost their patience. Real outrage erupted.

"Patience! We've already waited 70 years and look at what we have!"

The one aspect of Gorbachev reform that seemed to enjoy unanimous approval was the new stress on ecology. A young man recited a list of ecological disasters that were finally being addressed, from lakes to rivers, from the air in Siberia to the Ukraine.

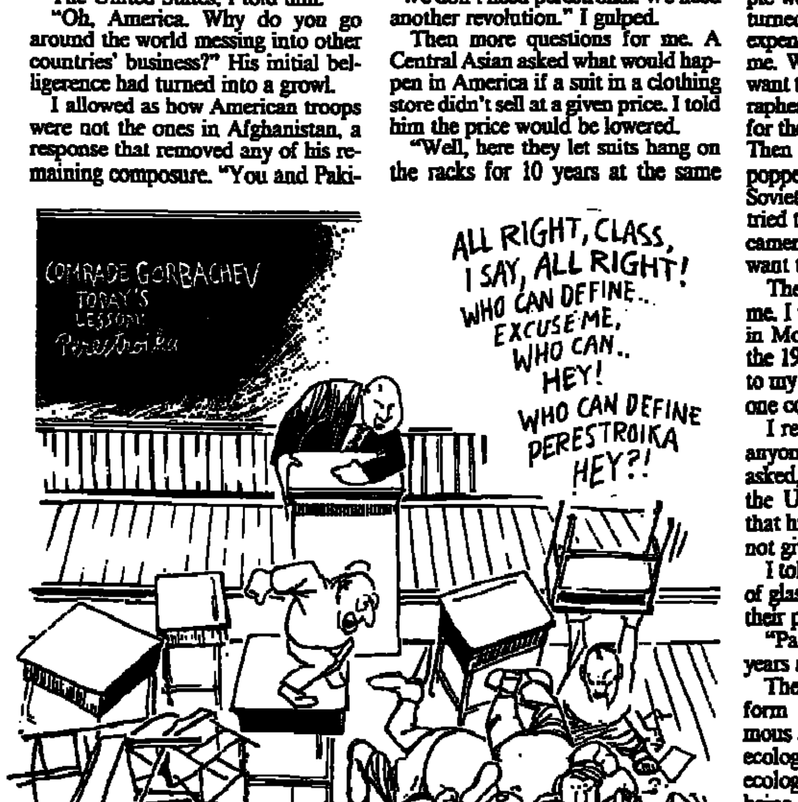
The conversation shifted to history. What did I think about the secret clauses in the 1939 Soviet-German Nonaggression Pact that assigned Baltic nations and part of Poland to the Soviet Union? How was Alexander Solzhenitsyn living in America? Did I think he got the Nobel Prize for his literary works or for his views? Nearly everyone had read "A Day in the Life of Ivan Denisovich" but few had had access to his later banned novels.

The weather had clouded over; it began to rain. Some people drifted away but others hustled me under an overhanging balcony and continued questioning. "Don't think we can say anything we want," ventured one. "It was a disgrace the way the police beat up journalists at the meeting of the Democratic Union just across the square two days ago."

I looked at my watch. What had seemed like 15 minutes had been well over two hours. I realized how exhausted I was and my Russian was starting to unravel. After shaking of hands, I excused myself.

Postscript: That evening, two colleagues and I walked along the same path to Pushkin Square. A dozen people were standing and reading the Moscow News. As we walked by, two policemen grabbed a young man with curly hair and dragged him, screaming, to a patrol wagon. Other policemen appeared out of nowhere. "Move along, comrades," one barked; "there's nothing going on here."

The writer directs the West European Program of the Woodrow Wilson International Center for Scholars. He contributed this to the Los Angeles Times.



Of Hirohito And the Use Of Royalty

By Edwin M. Yoder Jr.

WASHINGTON — The war that began at Pearl Harbor would have ended more slowly and bloodily than it did but for two factors: the atomic bomb and an old man who now lies gravely ill at his palace in Tokyo, Emperor Hirohito.

Born with the century, Hirohito was exposed as a boy to the myth that he was descended from the sun goddess — an absurdity at which his keen scientific mind rebelled. He ultimately became a distinguished marine biologist, along with his imperial duties, but he agreed to string along with the imperial folderol for the sake of form.

A more significant departure from the imperial tradition came in those August days of 1945 when the Japanese military fanatics, identifying defeat with dishonor, wanted to fight on at any cost. Hirohito joined the peacemakers and his influence was decisive.

He even told the people by radio — it was the first time they had ever heard his voice, and the archaic court dialect puzzled many of them — that national honor would survive surrender, that it was better to "suffer the insufferable" than to spill more blood. Several enraged army officers broke into the palace when they heard of the taped surrender address, but they were too late.

That was not the only instance in which the royal principle proved valuable and humane in that cruel war. When the Gestapo came hunting for Danish Jews, demanding that they wear the star of David, King Christian appeared on the streets of Copenhagen wearing the star. The Danes followed his example and refused to play the grim game that made it possible, even easy in some other places, to identify, deport and slaughter Jews.

In London, King George VI, a frail man with a stutter who had grown up in the shadow of his glamorous brother, never expecting the throne, lived on in Buckingham Palace during the worst of the bombing of London.

These scattered examples of the performance of royalty at its best have not reversed the century's trend against it. The century has witnessed the fall of many ancient monarchies, sometimes to great popular delight. But has their disappearance helped? What, for instance, would have happened to Germany after 1918 if "Kaiser Bill" had kept his throne, not leaving a vacuum for the Austrian corporal eventually to fill?

As recently as 1981, the infant democracy of post-Franco Spain perhaps was saved by the timely action of King Juan Carlos, who sided with parliamentary democracy against a cabal plotting to overthrow it. Yet constitutional monarchy is often dismissed as a curiosity, an anachronism or luxury, picturesque but functionless except as entertainment. The paradox that constitutional monarchy at its best has more than once served and strengthened democracy and freedom gets little acknowledgment.

One would not, of course, expect it in America. Most Americans are antimonarchist by long historical custom, for U.S. independence was defined from the outset as independence of a king. Many of the charges against George III were groundless when they were not blamable on Parliament and the hapless administrations it had tolerated. But the king was the designated culprit for decades of bad policy, and that for a practical reason. Those who called themselves Whigs and sympathized with the rebellious colonies — Burke, Fox and others — were fostering their own myth of an overweening royal influence.

Occasionally an event like the illness and decline of Hirohito, stirring all but forgotten memories, or Juan Carlos's action against the Francoist conspirators, remind us that the record on this matter is not entirely one-sided. Indeed, Americans tolerate chronic confusion in their political system by failing to distinguish between the ceremonial and the practical functions of government.

Nothing has better illustrated the point than the events of the past 12 years. A fair prime minister who had few talents as a king (Jimmy Carter) gave way to a gifted king who had few talents as a prime minister (Ronald Reagan). In each case, something essential was missing from presidential performance.

It is too bad that the framers made the two presidential hats all but indistinguishable. As television renders politics increasingly theatrical, it will become still more essential to separate the theatrical from the practical element in government. The twilight of the Hirohito era is a reminder of how useful, on great occasions, ceremony alone can be.

Washington Post Writers Group.

100, 75 AND 50 YEARS AGO

1888: Murder on a Moor

NEWCASTLE — In the absence of any arrest in connection with the murder of Jane Beetmoor (or Savage), on Birtley Fell on Saturday night [Sept. 22], the excitement in this locality is growing in intensity. The only new phase that has been imported into the mystery is the arrival of Dr. Phillips and Detective Roots from London, for the purpose, however, of aiding the ends of justice with regard to the Whitechapel [London] murderer or murderers. Inspector Roots, of Scotland Yard, came to the conclusion that the murderer of Jane Savage was not the man who enacted the East end tragedies, although in the local case there had been an imitation of the procedure of the London murderer.

1913: France-to-Tunis

PARIS — M. Roland Garros, the plucky pilot who has just flown across the Mediterranean from Saint-Raphael to Tunis on a Morane-Saulnier monoplane, arrived at the Gare de Lyon, Paris, yesterday morning [Sept. 26] from Marseilles and was welcomed by a vast crowd. Asked his opinion as to the possibility of a transatlantic flight in an aeroplane, M. Garros replied that he did not consider such a performance to be impossible but thought it would be necessary to wait some time for its accomplishment.

1938: Führer's Thanks

BERLIN — Supported by the delirious cheering of a gigantic audience, Chancellor Hitler solemnly declared in his momentous speech in the Sports Palast tonight [Sept. 26] that Czechoslovakia must give the Sudeten territories to Germany on October 1, or Germany will march in and take them. The Führer was profuse in his expressions of thanks and praise for Mr. Chamberlain's efforts, declaring that he has assured the British Prime Minister that once the Sudeten problem is settled Germany would advance no more territorial claims in Europe.

THE BUSH-DUKAKIS DEBATE: The candidates clash on issues and values in quest of the undecided voters.

How the Debate Shifted A Small Group to Bush

Reactions of Voters in Michigan May Portend Trouble for Dukakis

By Paul Taylor and Gwen Ifill
Washington Post Service

ROSEVILLE, Michigan — When the Democratic presidential nominee, Michael S. Dukakis, defended his patriotism by alluding to his immigrant parents, Christine Burnett rolled her eyes.

"Yeah, and it was cold and you had no shoes, right?" she said, with the give-me-a-break skepticism of a fellow first-generation American.

"You forgot to mention your father was a doctor," added David Sowerby, 28, who works for a bank in this blue-collar suburb of Detroit.

The two were part of a small group of mostly undecided voters who watched the first 1988 presidential candidates' debate at the invitation of The Washington Post. By the end of the evening, most had moved into the camp of the Republican presidential nominee, George Bush, and registered strong doubts about Mr. Dukakis, the governor of Massachusetts.

The group of eight voters is a microscopic sliver of the nearly 100 million Americans estimated to have watched the debate, hardly a scientific sample. But the strength of their negative reactions to Mr. Dukakis suggests he had trouble with the sort of middle-class swing voter he needs to carry the Nov. 8 election.

Other evidence was more favorable for Mr. Dukakis. ABC television polled 500 voters who watched the debate as to who won the debate. By 45 to 36 percent, respondents picked Mr. Dukakis; 19 percent said it was a tie. A panel of six debate experts assembled by The Associated Press gave Mr. Dukakis a narrow edge over Mr. Bush.

Mike Sand, 40, a Democrat who is a school administrator, said of Mr. Dukakis, "He kept on saying 'I've got a plan, but I don't know what the plan is.' I thought he was more defensive, and his answers were filled with cheap shots."

"He started being cutthroat," said David Moltmaker, 30, an independent voter who said his opinion of Mr. Dukakis went down during the course of the 90-minute debate. Until Sunday night, Mr. Moltmaker said he had been so turned off by the campaign that he was considering not voting. Now, he said, he plans to vote for Mr. Bush.

Patricia Powers, 51, an independent who voted for a Democrat, Walter F. Mondale, in 1984, started the debate hoping to catch a spark from Mr. Dukakis. She said she believed strongly that the Reagan administration had cut too many social programs over the past eight years, and she said she still had unresolved questions about Mr. Bush's role in the Iran-contra affair.

But Mr. Dukakis got off on the wrong foot with her from the opening handshake.

"He's shorter than I thought," Mrs. Powers, a school administrator, said as Mr. Dukakis shook hands with his half-foot taller opponent.

Mr. Powers didn't hear what she was hoping for. "I was surprised," she said. "He didn't 'wow' us."

"Mr. Dukakis came across as more of an 'I' man; Bush seemed to be more of a 'We' and 'Us' man," said Frank Powers, 54, a technician for Michigan Bell. "He talked more about working for and with people."

Though Mr. Bush has rarely been accused of being a "great communicator," he won the communication battle with this audience. "Bush was clear and concise," said Susan Yeager, 18, a college student. "He was getting to the point; Dukakis wasn't."

Mr. Dukakis received high marks from some of the participants on the nuclear-freeze issue.

"I'm totally against nuclear arms," said Susan Hankins, 19, who is nevertheless leaning toward voting for Mr. Bush. "I would wish for total disarmament if we could. That's one of the few things I agree with Dukakis on."

Susan Yeager, 19, a college student who also will be voting in her first presidential election, said the debate persuaded her to vote for Mr. Bush although she felt he ducked the question on nuclear arms reduction.

She also said she would feel safer with Mr. Bush.

"Dukakis has got the right idea," she said. But she added that she trusted Mr. Bush to follow through.

Mr. Dukakis received the most positive reactions when he talked about his selection of Senator Lloyd Bentsen to be his running mate. For these voters, he effectively deflected Mr. Bush's criticism that he and Mr. Bentsen have widely divergent opinions on a number of issues, especially defense.

Mr. Bentsen, several in the group said, "gives a balance" on the ticket to the Massachusetts governor, who they agreed can be considered liberal. They were less sure of Senator Dan Quayle, the Republican vice presidential nominee.

The debate over the Pledge of Allegiance to the flag, Mrs. Powers said, was "trivial and has no part in the campaign."

Although there were sighs when Mr. Quayle's name was mentioned during the debate, Russ LeBarge, 44, an attorney who is registered as an independent, said he would withhold his judgment on Mr. Quayle until after the Oct. 5 vice presidential debate.

Time and again, these residents of Roseville judged the candidates on how strong they would be as leaders. Mr. Bush generally won participants, based on his experience in government. But the voters seemed just as likely to form their opinions based on how he and Mr. Dukakis handled moments of stress.

When the debate moderator, Jim Lehrer, cut Mr. Bush off too early during his answer to a foreign policy question, Mr. Bush called him on it, acknowledged Mr. Lehrer's mistake, asked, "Where was I?" when his time was restored, and eventually decided not to continue.

"He maintained a little humor, but yet he stayed serious," said Mr. Sand, who gave Mr. Bush high marks for ending his remarks after the confusion died down.



The Associated Press
"I'm not questioning his patriotism," Mr. Bush said. "Of course, the vice president is questioning my patriotism," Mr. Dukakis replied.

Bush Clarifies His Stance On Penalties for Abortion

The Associated Press

WINSTON-SALEM, North Carolina — George Bush favors criminal penalties for those performing illegal abortions but opposes prosecuting women who obtain them, his campaign chairman said Monday.

James A. Baker 3d said that the vice president, after expressing strong anti-abortion views in his debate Sunday night with the Democratic candidate, Michael S. Dukakis, decided on further reflection that women who obtained abortions should be regarded as "additional victims" rather than criminals.

"After thinking about it overnight," Mr. Baker said, "we went in and discussed it this morning and concluded it was an issue that should be addressed and we addressed it."

Mr. Bush said in the debate that he had not "sorted out the penalties" he would impose under a constitutional amendment he seeks to outlaw abortions.

"I'm for the sanctity of life," Mr. Bush said. "Once that illegality is established, then we can come to grips with the penalty side and, of course, there's got to be some penalties to enforce the law whatever they may be."

Mr. Dukakis immediately responded that Mr. Bush was "prepared to brand a woman a criminal for making that decision."

Mr. Baker said the vice president "would not wish to see a woman labeled as a criminal, notwithstanding his views on the right to life."

"Women," Mr. Baker said, "would be seen as an additional victim."

Mr. Baker said it was the first time Mr. Bush had dealt with the question of penalties — "choice versus right to life" — and he had dealt with it.

He said Mr. Bush would have criminal penalties apply only to those performing abortions if the procedure became illegal.

Seeming to Lack Issues, U.S. Campaign Fails To Arouse Europeans

By James M. Markham
New York Times Service

PARIS — An American election campaign seemingly devoid of defined issues has stirred listless popular interest in Europe, but at the official level a craving for continuity in foreign policy has translated into a marked preference for Vice President George Bush over Governor Michael S. Dukakis.

An informal survey of attitudes in both Western and Eastern Europe, taken before the two candidates debated each other on Sunday, found little feeling that either presidential candidate would carry out abrupt policy departures, though Mr. Dukakis was sometimes portrayed as more likely to take decisive action on the American budget deficit.

But while Mr. Bush has become a familiar figure in Europe over the last eight years and has developed working relationships with a number of leaders, Mr. Dukakis has a blurry profile.

News reports about Mr. Dukakis have sometimes noted that the Democratic candidate speaks several foreign languages, but considerable attention has been given to the fact that he has visited Greece, Ireland and Sweden but never a major European capital.

In a hostile editorial in Le Figaro, a rightist French daily, Patrick Wajsman wrote, "It is strange that a man who aims to lead the destiny of the first Power of the Universe and to assume the leadership of the Atlantic alliance has not deemed it useful to honor cities like Paris, London or Bonn with his presence."

British officials said that in August there were hints that Mr. Dukakis might make a get-acquainted swing through Western Europe. They indicated that Prime Minister Margaret Thatcher, who has never met the Massachusetts governor, would have made sure that she received him.

As in other countries, officials in Britain scrupulously avoid saying anything on the record about the merits of the two candidates. In private, however, they leave no doubt that Mrs. Thatcher, a conservative, would prefer to see the Republican standard-bearer elected. When in Washington, the British prime minister has made a point of having breakfast with Mr. Bush.

"She took him seriously," a British official said. "She has sought his advice on various questions and likes him. She is especially fond of Barbara Bush."

The pro-Bush inclination is not seamless, however. In Bonn, for example, officials say that Chancellor Helmut Kohl favors the vice president but that Foreign Minister Hans-Dietrich Genscher would not be unhappy to see Mr. Dukakis win, since the Democrat might endorse a more friendly policy toward the Soviet Union.

Moreover, Mr. Bush's choice of Senator Dan Quayle as his running mate has been witheringly criticized in the West European press. Writing in The Independent, a British daily, William Rees-Mogg said the Indiana senator was "astonishingly incoherent."

A senior French policymaker, who knows the United States well, said that clouds of uncertainty hung over both candidates.

"We really don't know what Bush has in his guts," this official said. "And while Dukakis's advisers are reassuring, advisers are only advisers."

One issue that troubled a number of Europeans in the primaries was the nationalist tone on the economy struck by some of the Democratic presidential aspirants. But while doubts linger about the Democrats' commitment to free trade, Mr. Dukakis appears to have persuaded informed Europeans that he is not protectionist-minded.

Straining to find differences between the two candidates, Europeans sometimes come up with ingenious formulations. In an essay for Paris Match, Valéry Giscard d'Estaing, the former president, discerned in Mr. Bush the incarnation of "traditional Americanism — Anglo-Saxon, Germanic, Scandinavian — that of the conquest of the West and moralizing Protestantism."

By contrast, he found Mr. Dukakis to embody America's "bubbling melting pot." He argued that while Mr. Bush's "culture" oriented him toward "the industrial societies and the great East-West dialogue," the Democratic candidate put "the accent on the North-South dialogue and developing countries."

Soundings by correspondents for The New York Times found that to an extent, the pro-Bush sentiment carried over into Eastern Europe. In Poland, paradoxically, both officials and anti-Communist opposition figures favor the Republican candidate — the former because they know him, and the latter because they think that Republicans are usually tougher in their dealings with Communist states.

Excerpts: How the Candidates Argued

Los Angeles Times Service

WINSTON-SALEM, North Carolina — Following are excerpts from the Bush-Dukakis debate on Sunday night:

Drugs and Noriega

Dukakis: The question I would ask of Mr. Bush is how we instill those values, how we create this environment for the drug-free schools that we want in this country if he or representatives of the administration are either dealing with and involving people like Noriega in our foreign policy....

Bush: It was the Reagan-Bush administration that brought this man to justice. And as the governor of Massachusetts knows, there was no hard evidence until we indicted him, and so I think it's about time we get this Noriega matter in perspective. Panama is a friendly country. I went down there and talked to the president of Panama about cleaning up their money laundering. Mr. Noriega was there but there was no evidence at that time, and when the evidence was there, we indicted him, and we want to bring him to justice....

□

Federal Deficit

Dukakis: The thing I don't understand about Mr. Bush's approach to this is how he could possibly be serious about bringing that deficit down given what he says he wants to do. He's going to want to spend a great deal of money on just about every weapon system. He says he's against new taxes, although he's broken that pledge at least three times in the last year that I know of. He wants to give the wealthiest taxpayers in this country a five-year, $40 billion tax break, and he also wants to spend a lot of money on additional programs.

Bush: There are so many things I don't know quite where to begin. When you cut capital gains, you put people to work. John Kennedy proposed cutting capital gains.... It's not going to cost the government money. It's going to increase revenues to the federal government and it's going to create jobs so that's one of the things that I think makes a big difference between us.

Dukakis: What he's proposing, after over a trillion dollars in new debt which has been added to the federal debt, in the course of the past eight years, an IOU that our children and grandchildren will be paying for years, is a tax cut for the wealthiest one percent of the people in this country. An average of about $30,000 that we're going to give to people making $200,000 a year. Why, that's more than the average teacher makes.

□

Passion and Patriotism

Dukakis: I care deeply about people — all people. Working people, working families, people all over this country who in some cases are living from paycheck to paycheck. Other cases are having a hard time opening up the door of college opportunity to their children. In other cases they don't have basic health insurance which for most of us we accept as a matter of course, assume we're going to have in order to pay the bills that we incur when we get sick. I'm somebody who believes deeply in genuine opportunity for every single citizen in this country and that's the kind of passion I brought to my state.

Bush: Well, I don't question his passion.... And I don't question his concern about the war in Vietnam. He introduced or supported legislation back then that suggested that kids from Massachusetts should be exempt from going overseas in that war. Now, that's a certain passion that in my view is misguided passion. We have a big difference on issues. You see last year in the primary he expressed his passion. He said "I am a strong liberal Democrat" — August '87. Then he says, "I am a card-carrying member of the ACLU." That was what he said. He is out there out of the mainstream. He is very passionate. My argument with the governor is do we want this country to go that far left? And I wish we had time to let me explain, but I salute him for his passion. We just have a big difference on where this country should be led and in what direction it ought to go.... I'm not questioning his patriotism. I am questioning his judgment on these matters, or where he's coming from. He has every right to do it, but I believe that's not what the American people want.

Dukakis: Well I hope this is the first and last time I have to say this. Of course, the vice president is questioning my patriotism. I don't think there's any question about that. And I resent it. I resent it. My parents came to this country as immigrants. They taught me that this was the greatest country in the world. I'm in public service because I love this country. I believe in it. And nobody's going to question my patriotism as the vice president has now repeatedly.

> **'Some of our finest presidents, some of our strongest international leaders were governors: Franklin Roosevelt, Woodrow Wilson, Theodore Roosevelt.'**
> **Michael S. Dukakis**

> **'I've met Mr. Gorbachev. I met Mr. Shevardnadze and talked substance with him the other day. These people are tough. But now we have a chance, if we have the experience, to know how to handle it.'**
> **George Bush**

□

Abortion

Dukakis: I don't favor abortion. I don't think it's a good thing. I don't think most people do. The question is, who makes the decision. And I think it has to be the woman, in the exercise of her own conscience and religious beliefs, that makes that decision.

Bush: I think most people know my position on the sanctity of life. I oppose abortion, and I favor adoption. And if we can get this law changed, where everybody should make the extraordinary effort to take these kids that are unwanted and sometimes aborted — let them come to birth and then put them in a family where they'll be loved.

□

Foreign Policy Experience

Dukakis: Of course, that's a charge that's always made against any governor who runs for the presidency. I think it was one of the things that Mr. Bush said about Mr. Reagan back in 1980. Remember that, George? And yet, some of our finest presidents, some of our strongest international leaders were governors: Franklin Roosevelt, Woodrow Wilson, Theodore Roosevelt. It's not the amount of time you've spent in Washington, it's not the length of your résumé.... The vice president has a long résumé, but it didn't stop him from endorsing the sale of arms to the ayatollah.... His experience didn't prevent him from participating or involving or in some way being involved in the relationship between this government and Mr. Noriega and the drug-trafficking in Panama.

Bush: The governor was for a nuclear freeze that would have locked in a thousand Soviet intermediate nuclear force weapons and zero for the West. And because we didn't listen to the freeze advocates and strengthened the defenses of this country, we now have the first arms control agreement in the nuclear age.... I've met Mr. Gorbachev. I met Mr. Shevardnadze and talked substance with him the other day. These people are tough. But now we have a chance, if we have the experience, to know how to handle it. But please, do not go back to the days when the military was as weak as they could be, when the morale was down and when we were the laughing stock around the world.

□

'Star Wars'

Dukakis: We ought to continue research into the strategic system at about the level that it was at in 1983. That's about a billion dollars a year. But I don't know of any reputable scientists who believe that this system, at least as it was originally conceived, could possibly work, this notion of some kind of Astrodome over ourselves that could protect us from enemy attack.... And as a matter of fact, the system that the administration's now talking about is very different from the one that was originally proposed in 1983. So, I'm for continued research.

Bush: He's got to get this thing more clear. Why do you spend a billion dollars on something you think is a fantasy, a fraud? I will fully research it, go forward with it as fast as we can. We've sent up the levels of funding, and when it's deployable, I will deploy it. That's my position on SDI, and I've never waivered a bit.

□

Dealing With Terrorists

Dukakis: If there's one thing we also understand, it is that you cannot make concessions to terrorists, ever. Ever. Because if you do, it's an open invitation to other terrorists to take hostages and to blackmail us. And that's the tragedy of the Iran-contra scandal.... We've got to be tough on international terrorism.... We've got to use undercover operations. We have to be prepared to use military force against terrorist base camps.

Bush: He goes around ranting about Noriega.... He can talk about Iran-contra, and also — I'll make a deal with you. I will take all the blame for those two incidences if you give me half the credit for all the good things that have happened in world peace since Ronald Reagan and I took over from the Carter administration.

□

Vice Presidential Choices

Bush: And I believe [Senator Dan Quayle] will be outstanding. He took a tremendous pounding, and everybody now knows that he took a very unfair pounding ... and he's kept his head up and he will do very, very well. And he has my full confidence and he'll have the confidence of people that are in their 30s and 40s and more. So, judge the man on his record, not on a lot of rumors and innuendo.

Dukakis: I picked Lloyd Bentsen, a distinguished, strong, mature, a leader in the Senate; somebody whose qualifications nobody has questioned. Mr. Bush picked Dan Quayle. I doubt very much that Dan Quayle was the best qualified person for that job. And as a matter of fact, I think for most people the notion of 'President Quayle' is a very, very troubling notion tonight.

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Gorbachev Joins the Chorus Criticizing Lively Soviet Press

By Philip Taubman
New York Times Service

MOSCOW — A backlash against the increasingly unbridled Soviet press appears to have gained a new and unexpected convert: Mikhail S. Gorbachev.

Responding to a chorus of press criticism at the Communist Party conference in June, and his own misgivings about negative reporting, Mr. Gorbachev has joined some of his more conservative colleagues in the leadership in calling for greater press restraint.

The clearest sign of his changing attitude came in a meeting last Friday with editors. Mr. Gorbachev blamed the press for exaggerating problems and said its behavior was one reason his campaign to reshape the country was flagging.

Although his remarks fell well short of a repudiation of his policy of encouraging *glasnost*, or openness, he made clear that editors should be more cautious in exercising the newly found freedom they enjoy.

"The message was direct — be careful, be more precise, and, most of all, support what I'm doing," one editor who attended the meeting at Central Committee headquarters said Monday.

At one point, according to the editor, Mr. Gorbachev, angrily shaking his finger, demanded to know who had published data from a purported public opinion poll that showed little support for his programs.

The Soviet leader said the survey was taken among passengers on a train crossing Siberia and was unscientific and misleading. None of the 30 editors admitted responsibility, the participant said.

Mr. Gorbachev's comments, which were published in part by the

NEWS ANALYSIS

party newspaper Pravda on Sunday, may also indicate that he feels it necessary at the moment to bow to conservative sentiment that the press has been irresponsible. The performance of the press has clearly divided the country and generated criticism of his leadership. His remarks about the opinion poll were dropped in the Pravda text.

The change in Mr. Gorbachev's attitude comes at a time when, as he said Friday, his campaign to change the country is sputtering. He has been thrown on the defensive by a series of problems, including continued ethnic unrest in Armenia and Azerbaijan, acute food shortages and a generally dismal performance by the economy.

Other storm clouds have been gathering over the press in recent weeks, including a government decision to cut back on the circulation of several of the most daring national publications in major cities like Moscow, Leningrad and Kiev, and the unannounced decision to close a feisty, popular education journal at the end of the year.

The impending closing of the journal, Uchitelskaya Gazeta, whose freewheeling fight with the conservative education bureaucracy has attracted attention beyond its normal audience of teachers, is viewed by many of its adherents as a clear defeat for glasnost.

A replacement publication, a weekly newspaper called Education and Science, is due to begin publication in January 1989.

The decision, attributed to a shortage of paper, is seen by many Russians as a barely disguised effort to restrict the availability of pioneering publications like the magazine Ogonyok, the newspaper Moscow News and literary journals, including Novy Mir and Znamya.

Ogonyok and Moscow News have stirred controversy with articles about sensitive chapters in Soviet history, including Stalin's terror, and critical reports about the government's anti-drinking drive.

Mr. Gorbachev's remarks on Friday, while not the first time he has called on editors to act responsibly and in the interests of socialism, were the sharpest criticism of the press he has offered. The balance of his comments, unlike previous statements on the issue, tilted against an unfettered press.

By implication, he seemed to criticize publications like Ogonyok and Moscow News that have expanded the limits of openness.

Like a Western political leader lashing out against the press when times are bad, Mr. Gorbachev told the editors he needed their support to carry out his policies and was fed up with negative reporting.

"In some speeches and publications," he said, according to Pravda, "you almost get the idea that *perestroika* has aggravated the economic situation, thrown finances out of balance, worsened supplies of food and goods, and sharpened housing and other social problems."

Perestroika is the Russian word for Mr. Gorbachev's program to restructure the economy by eliminating many of the rigid practices introduced by Stalin.

Yegor K. Ligachev, the second-ranking party leader, and other officials, have frequently criticized the press for undermining socialist principles.

They have been particularly critical of the press for depicting the Stalin years as a time of unmitigated failure and brutality, charging that the treatment of this period has demeaned the work and sacrifices of millions of Russians.

In a loudly applauded speech at the party conference, Yuri V. Bondarev, a writer, spoke for many conservatives when he accused the press of immorality and said, "We do not need to destroy our past in order to build our future."

Judge in Mafia Convictions And Son Are Killed in Sicily

By Roberto Suro
New York Times Service

ROME — A senior judge, who had handed down tough sentences against several leaders of the Sicilian Mafia, was assassinated in what Italian authorities described Monday as the boldest Mafia killing of recent years.

The bullet-ridden body of Antonio Saetta, 66, a presiding appellate court judge in Palermo, was found by police Monday on a small country road in central Sicily. His son, Steffano, 35, was also killed.

The victims were driving home to Palermo on Sunday night after visiting relatives in the town of Caltanissetta when they were ambushed by assassins armed with at least two submachine guns, police said.

The minister of justice, Giuliano Vassalli, said Monday that the killings were "an unequivocal sign of warning and intimidation against the institutions of the state."

In 1985, Judge Saetta confirmed life sentences against one of Italy's most wanted fugitives, Salvatore Greco, and his brother, Michele Greco, who was known as "The Pope" for his position of absolute authority within the Sicilian Cosa Nostra.

The Greco brothers had been convicted of ordering the assassination in 1983 of Rocco Chinnici, a senior anti-Mafia magistrate.

A veteran of many Mafia trials, the judge was due to begin hearing appeals next month from the mass Mafia trial in Palermo that produced 338 guilty verdicts last December.

Several policemen and magistrates involved in Mafia investigations have been killed in recent years, but this is the first time a serving judge has been assassinated.

Reuters

TROUBLES IN CYPRUS — Canadian soldiers of the United Nations peacekeeping force in Cyprus set up barbed wire Monday to block student demonstrators from advancing toward a Green Line Turkish-Cypriot checkpoint. The Greek-Cypriot demonstrators were protesting the reported kidnapping of a teen-age girl in the breakaway north part of the divided island in the Mediterranean.

ASSESS: *Neither Side Blunders, and Dukakis Keeps His Chances Alive*

(Continued from Page 1)

program and the pollution in Boston Harbor.

Mr. Bush managed to remind viewers of those issues on Sunday night, but this time Mr. Dukakis was obviously prepared. He anticipated the furlough program attack by offering his own criticism of a somewhat similar federal prison program before Mr. Bush got to the issue.

When Mr. Bush took his toughest shot, saying that Mr. Dukakis's membership in the American Civil Liberties Union meant the governor was not "in touch with mainstream America," he felt it necessary to add, "I hope people don't think I'm questioning his patriotism."

Mr. Dukakis, looking stern, said: "Of course the vice president is questioning my patriotism. I resent it. I resent it."

Mr. Dukakis's remark came across as a judgment more than a complaint, and it appeared to have an effect, for Mr. Bush did not revive the question in the remaining hour of the debate.

Mr. Bush seemed to take to heart Mr. Dukakis's admonition that "we get to the issues that affect the American people, and not the labels we attach to each other."

The next question involved programs for the homeless — and Mr. Bush's response centered on his support for "the McKinney Act," a piece of homeless-aid legislation that was surely unfamiliar to most of his audience and one which he did not bother to explain. It was one of several times that he talked in Washington jargon, leaving Mr. Dukakis, the supposed technocrat, sounding more mainstream in language, if not in philosophy.

Mr. Dukakis's task was made far easier by the panel of journalists' choice of subjects. For the first 55 minutes, they went down a list of social and fiscal problems — drugs, deficits, health insurance, AIDS, housing and urban poverty, with only abortion drawn from the conservative agenda.

But even when the questions turned to military and foreign policy, presumably Mr. Bush's strong points, Mr. Dukakis found ways to make his points. He turned the first question on his own credentials into an attack on Mr. Bush's role in the Iran-contra affair and steadfastly refused to concede a lack of expertise.

From the military, the debate moved on to the vice presidential candidates, and once again, it was Mr. Bush who was made to appear defensive on his reasons for having picked Senator Dan Quayle of Indiana for his ticket.

The best guess of assembled viewers was that Mr. Dukakis had almost certainly done well enough to keep the race open for a few more weeks, and perhaps had done enough to give himself a bit of an advantage for the next phase of the struggle.

DEBATE: *Bush and Dukakis Take the Gloves Off*

(Continued from Page 1)

tor," the Massachusetts governor declared.

Mr. Bush's aides later conceded that the governor had turned in a forceful performance but argued that he had displayed the liberal qualities they could use against him.

By and large, the Bush aides did not praise their candidate's performance, but sought to raise doubts about Mr. Dukakis. The Dukakis side, meanwhile, said its man had fared much better than the vice president.

Adopting a goading tone, Mr. Dukakis referred to the vice president as "George" and, at one point, simply as "Bush," and he returned repeatedly to administration drug policy and to the sale of American arms to Iran and the subsequent secret diversion of some proceeds to the Nicaraguan rebels.

For his part, Mr. Bush denounced Mr. Dukakis as a "a strong liberal Democrat" — the vice president used the word "liberal" at least seven times in an hour and a half — who would return the United States to the "malaise" and high interest rates of the Carter presidency.

Each nominee focused on the questions that he hopes will prove paramount in the mind of an electorate that had seemed to suspend judgment while waiting for the debate. Mr. Dukakis focused on "leadership" and middle-class concerns, Mr. Bush on "experience" and values.

The two contenders stuck closely to carefully rehearsed phrases, regardless of the questions they were asked.

The debate, before a television audience that may have exceeded 100 million people, was especially crucial to Mr. Dukakis, who had trailed in the polls since the Republican convention and is much less well known than Mr. Bush.

His aides said he had intended to use the debate to give his campaign a new start, and gleeful Democrats said afterward that he had done so.

But Bush aides, pleased that the vice president had appeared relaxed after a slightly nervous start, also proclaimed victory and said Mr. Dukakis, despite his vigor, had only reinforced his image as a liberal.

Mr. Bush, criticizing Mr. Dukakis once again for vetoing a bill that would have required teachers to lead students in the Pledge of Allegiance in Massachusetts schools, said he was attacking his rival's judgment, not his patriotism.

"Of course, the vice president is questioning my patriotism," Mr. Dukakis retorted. "I don't think there is any question about that. And I resent it. I resent it."

The two men showed some anger when they discussed Mr. Bush's choice of Senator Dan Quayle of Indiana as his running mate.

Mr. Bush vigorously defended Mr. Quayle, saying the senator had been the victim of "a lot of rumors and innuendo."

Later, in speaking to reporters in the driveway of his home in McLean, Virginia, Mr. Quayle did not respond directly, but said that he had been victimized by "rumors" and "inaccuracies" and that "when the American people come to know Dan Quayle, and they'll know me better in the days and weeks to come, particularly in our debate, they will feel much more comfortable with me," he said.

Mr. Dukakis, who has proposed a plan to require employers to provide health insurance for their workers, noted that Mr. Bush had referred to it as "socialized medicine."

Mr. Dukakis taunted Mr. Bush, asking him if he remembered another occasion when he had used the phrase. The governor answered his own question, saying Mr. Bush had so characterized the Medicare program in 1964. Mr. Bush grinned.

"He was wrong then," Mr. Dukakis said, "and he's wrong now."

Mr. Bush, in turn, accused Mr. Dukakis of supporting a bill passed in the Massachusetts legislature in the early 1970s that sought to dissociate Massachusetts from the Vietnam War and asserted that Massachusetts citizens — because war had not been declared by Congress — were not obliged to serve.

MEAT: *In Germany, Wurst Is Best*

(Continued from Page 1)

from meat consumption toward fruits and vegetables is incorrect."

Meat consumption did plunge recently, due to a scandal centered on a German cattle raiser's use of outlawed growth hormones to fatten calves which are then slaughtered to produce veal. The news virtually wiped out veal sales nationwide for several weeks, according to the West German Butchers Association.

The scandal broke in early August when state veterinarians in North Rhine-Westphalia discovered needle marks on the necks of calves from a large cattle farm in the village of Oeding, near the Dutch border. They had been injected with a "cocktail" of three growth hormones. West Germany has outlawed the use of any hormones in livestock production since 1959.

State authorities slaughtered 4,200 hormone-treated calves and arranged for the meat to be used for dog food and to produce oil for sewing machines and shoe polish. The owner of the calves, Felix Hying, and one of his employees were jailed.

Public reaction quickly reached near-panic proportions, despite the fact that most scientists, as well as government health officials, say the hormones pose no health threat to persons who eat the veal.

"You can rely on Germans to react hysterically to something like this," Mr. Siebeck said. "But its lasting effect will be negligible. And you have to wonder why no one takes a lesson from this and looks at pork production, which is much, much greater in volume, but uses the same production-line methods as veal and beef production."

The hormones have been declared safe by experts of the United Nations Food and Agriculture Organization and the World Health Organization. They are used routinely in the United States to speed calves' growth.

The U.S. government is worried that the scandal has destroyed U.S. hopes that the 12-nation European Community will permit imports of U.S. meats and meat products after Jan. 1.

Most U.S. meat exports to the EC, totaling about $150 million a year, are from livestock that has received hormones.

The EC, largely because of West German pressure, plans to bar such meat imports starting in 1989, unless the United States and other nations can persuade it to relent.

Nutritional experts see a certain irony in the furor over hormones in veal, since pork is generally regarded as the least healthy meat because of its high fat content and the fact that there really are no genuinely lean cuts of pork. And the fat content is highest in the meat that is nearly synonymous with German cuisine: wurst, or sausage.

"There are about 2,200 kinds of wurst in Germany," Mrs. Luttermann-Semmer said. "Unfortunately, almost all of them are bad for you."

Rakowski Named in Warsaw

Prime Minister A Solidarity Foe

By Jackson Diehl
Washington Post Service

WARSAW — The Polish authorities designated Mieczyslaw Rakowski as prime minister on Monday, propelling to the forefront of national politics a figure known both for pro-reform views and bitter antagonism toward the banned Solidarity trade union.

Mr. Rakowski, 61, a former journalist who was a chief official negotiator with Solidarity during its legal existence in 1980-1981, was confirmed for the post by a meeting of the Central Committee. He is due to be voted into office Tuesday by the Sejm, or parliament, together with a cabinet of ministers.

The choice of the articulate, ambitious party loyalist appeared to represent an effort by the leadership of General Wojciech Jaruzelski to quickly restore order and a measure of efficiency to an administration whose efforts to implement economic reforms have led to soaring inflation, empty shop shelves and two damaging waves of strikes.

At the same time, Mr. Rakowski's move from the position of party propaganda chief to the head of the government is a discouraging signal for the leadership of Solidarity, whose negotiations with Mr. Rakowski during the turbulent months before the imposition of martial law in 1981 left a legacy of bitterness and hostility.

Although he has generally favored political reforms, Mr. Rakowski was an outspoken opponent of official talks with the Solidarity leader, Lech Walesa, and other veteran opposition figures before General Jaruzelski and his interior minister, General Czeslaw Kiszczak, moved to initiate an ambitious "roundtable" of negotiations last month.

In a speech to parliament earlier this year, Mr. Rakowski said Mr. Walesa and other union leaders "offer Poland chaos and a return to another phase of self-annihilation," and said he could see no possibility of dialogue.

At a meeting with party journalists some 10 days ago, Mr. Rakowski expressed pessimism about the possibility of an agreement between the government and Solidarity, party sources said. A journalist present at the meeting quoted Mr. Rakowski as saying that if the leadership agreed to the union's reactivation, it would cut itself off from its own political base.

Solidarity did not immediately react to the announcement of Mr. Rakowski's appointment Monday night. It was unclear whether his position as prime minister would influence the course of the roundtable talks, which are expected to begin next month.

General Kiszczak is representing the party at the talks and until now the government, which in Poland is charged with the day-to-day implementation of party policies, has not played a role in their organization.

Political observers said it was likely that Mr. Rakowski would be charged with the tough, pragmatic work of pushing through measures to stabilize the economy and prevent a further worsening of living standards while the roundtable process continued.

The prime minister that Mr. Rakowski is replacing, Zbigniew Messner, is a colorless technocrat who despite frequent assertions of support for radical economic changes never seemed able to divorce himself from the conservative lobby of heavy industry and mining interests from his native Silesia.

REAGAN:

Farewell to UN

(Continued from Page 1)

Geneva Protocol on Gas Warfare.

Mr. Reagan, in delivering his seventh and last scheduled address at the UN, revisited themes that have marked each of his appearances, including a recommitment to his Strategic Defense Initiative and U.S. support for Nicaraguan rebels.

"As president, I will continue to urge the Congress and the American public to stand behind those who resist this attempt to impose a totalitarian regime on the people of Nicaragua," he said. "The United States will continue to stand with those who are threatened by this regime's aggression against its neighbors in Central America."

Declaring that he appeared before the General Assembly in a "moment of hope," Mr. Reagan noted progress in U.S.-Soviet relations and the historic significance of the accord to dismantle intermediate- and shorter-range nuclear weapons.

While reiterating that his administration has little hope that a treaty to cut by 50 percent longer range or strategic nuclear weapons can be completed in his term, he said: "I can tell you a year from now is a possibility, more than a possibility."

Soldiers Evacuate Armenian Capital

Reuters

MOSCOW — Most of the Soviet soldiers deployed in the Armenian capital of Yerevan last week after a new ethnic flareup were pulled out during the weekend, a spokesman for the Novosti press agency said Monday.

Armored vehicles posted around government buildings during demonstrations over the disputed Nagorno-Karabakh region had been pulled out Saturday, the spokesman said.

"The situation is better today," he said by telephone from Yerevan. "Transport is working and some enterprises are back at work. It's a more or less normal working atmosphere." In Stepanakert, the capital of Nagorno-Karabakh, a government spokesman said children had gone back to school on Monday but that industry remained paralyzed by strikes.

JOHNSON:

A Test Is Failed

(Continued from Page 1)

not mentioned Johnson by name, but the reference was unmistakable.

Johnson, who had finished third to Lewis in the Los Angeles Olympics, had passed off the remarks, calling them sour grapes. But in subsequent interviews, Lewis held to his claim.

With Johnson now deposed as champion, Lewis is still in position to win the same four gold medals he won in Los Angeles. On Monday, he won the long jump competition. Finals in his other two events, the 200 meters and the 400 meter relays, are scheduled for later in the week.

After 12 athletes had tested positive in Los Angeles, the Seoul Games are now in position to break the record. Through the first 10 days of competition, six other athletes had tested positive, including two Bulgarians who had won gold medals in weightlifting.

In an interview Monday, Juan Antonio Samaranch, the IOC president, said that the "only problem" of the Seoul Games had been one of drug use by athletes. He did not mention Johnson by name, but referred to his speeches he had given to open the Calgary Games and the Seoul Games in which he castigated those who would use drugs and the doctors who would help athletes find new drugs to use.

"We are showing that the system works," Mr. Samaranch said, alluding to the sophisticated testing laboratories, in which 4,000 drugs or more can be detected. "We are showing that my words are not only words, they are facts. We are winning the battle against doping."

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International Herald Tribune — Special Financial Report — Tuesday, September 27, 1988

World Economy: Debt Strategies

Debt-Equity Swaps: A Match Gone Awry

By Marybeth Nibley

LONDON — Coping with the developing world's debts calls for creativity. When innovators sought means of lightening the debt load in a way that would attract foreign investment they thought of debt to equity conversions.

The union of the two seemed like a good marriage of convenience. Critics argue that it is far from a perfect match.

"If it's done the right way, it can be very beneficial," said Sir William Ryrie, executive vice president of the International Finance Corporation, a World Bank affiliate. "We at the IFC are rather keen on the idea of debt-equity swaps."

These swaps are part of the global trend toward the securitization of debt. An example of how a conversion works would involve a commercial bank worried about whether one of its loans to a country will be repaid.

The commercial bank decides to get the questionable loan off its books by dumping it on the secondary market at a discount. For a loan of $100 million, the commercial bank might sell it through a merchant bank for $70 million and take a loss of $30 million. The size of the discount depends on the loan's quality.

The conversion of the loan into equity occurs next. The merchant bank finds a client which needs the currency of the debtor country, such as a multinational corporation planning to expand an operation. The bank arranges for the sale of the loan to the client.

After buying the loan, the company negotiates with the central bank of the debtor country, such as a multinational corporation planning to expand an operation. The bank arranges for the sale of the loan to the client.

After buying the loan, the company negotiates with the central bank of the debtor country to buy the loan for say 80 percent to 90-percent of its value in local currency, allowing the company to obtain local currency at a discount.

For acting as intermediary, the merchant bank charges a fee based on a percentage of the value of the overall deal.

"There is no standard fee in this business at all," according to Gordon Wood, who specializes in this field for Shearson Lehman Hutton International Inc. in London.

The fees vary because the complexity of the deals varies. There are few simple sales of debt for cash, market sources said, and banks may prefer to exchange a loan for another loan thought to be less risky.

Reasons for selling the loans also vary. Banks' motivations for reshuffling their loan portfolios may reflect a desire to reduce a category of risk, manage tax exposure or alter a portfolio's life.

The secondary market in Third World debt, which straddles Wall Street and London, operates as a type of matchmaker between buyers and sellers. Typically, a deal will begin when an investment house is asked by a company to locate a loan of sufficient size to produce a desired amount of local currency of a country in which the company intends to invest.

The amount of debt sold in the market has been estimated at $3 billion to $5 billion a year. How much of that volume reflects debt eventually transformed into equity is impossible to quantify precisely.

But banking sources say that since the market started operating and the debt-equity swap process began in 1983, only a small percentage of all outstanding loans have been converted. For certain countries that administer formal schemes under which their commercial bank debt goes through the metamorphosis — such as Chile — the percentage is higher.

Chile's scheme is generally regarded as the most efficiently run of the dozen or so in existence. Other countries with such government-regulated programs or that are planning to start them include Argentina, Brazil, Costa Rica, Ecuador, Jamaica, the Philippines and Venezuela. The Mexican scheme was suspended in November 1987.

Elsewhere, the process takes place along less formal lines. The debt of Nigeria, Poland, Yugoslavia and Zambia also has been involved in conversions.

Conversions sometimes are conducted outside the framework of a country's scheme so market sources are reluctant to give even approximate totals of the amount of a country's debt that has been changed into equity.

According to rough estimates prepared by one banker, more than $3.1 billion of Chile's $12.7 billion of commercial bank debt have been converted into equity investment since the country launched its scheme in 1985.

The same banker estimates Brazilian debt converted into equity amounts to about $4 billion. Brazil's commercial debt comes to $66. billion.

Comparing conversion totals with debt aggregates is misleading, however. Debt-equity

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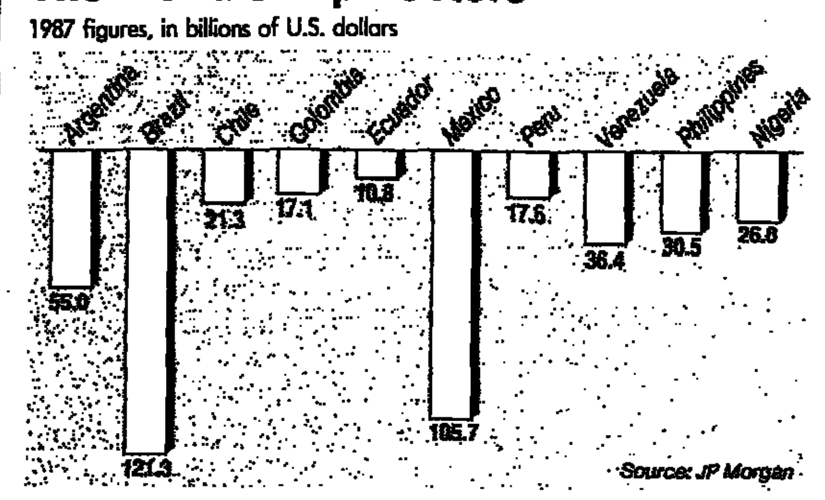

Inter-American Development Bank

A rise in Brazilian agricultural exports is helping to alleviate debt problems.

Lou Craca/International Herald Tribune

'For most countries, the problem is how to pay interest, not whether debt is rising or falling. That means, you want a solution that attacks the interest problem, not the debt problem.'

Talk of Relief Brings A Palpable Change In Creditor Attitudes

By Carl Gewirtz

BERLIN — Debt relief, dirty words rarely spoken during the six-year-old debt crisis of developing countries, is finally becoming a subject of polite conversation.

Although the debt strategy is on the official agenda of this week's annual meeting of the International Monetary Fund and World Bank in West Berlin, no dramatic new approaches are expected to be adopted.

The upcoming U.S. presidential election casts a huge shadow over the meetings, with everyone waiting for the new administration to take office before seriously attempting to reshape the official strategy of coping with the problem.

But debt relief will be a major talking point — not only among the participants, finance ministers and central bank officials, but also among the important invited guests, the world's leading commercial bankers whose institutions hold a huge chunk of the debt.

The effervescence of changing attitudes among creditors is palpable.

The major industrialized countries, which hold the bulk of the debt of the poorest nations in sub-Saharan Africa, have already shown their willingness to reduce the debt burden of those countries through partial write-offs, interest rate cuts or stretched-out repayment periods.

The more serious — and still unaddressed — question concerns the relatively small group of 17 most highly indebted developing countries.

Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Ivory Coast, Jamaica, Mexico, Morocco, Nigeria, Peru, the Philippines, Uruguay, Venezuela and Yugoslavia account for half the total debt of all 109 developing nations and about 70 percent of the debt extended by commercial banks.

In the run-up to the IMF-World Bank annual meeting, the United Nations Conference on Trade and Development called on commercial banks to write off 30 percent of the debt, a radical proposal rejected out of hand not only by bankers but also by analysts at the IMF and the World Bank.

But even the IMF and the World Bank, whose studied caution reflects an unwillingness to get out in front of their principal shareholder, the United States, are signaling that the time has come to rethink the official strategy.

The World Bank, citing "a pattern of shortfalls from reasonable expectations" in the implementation of that strategy, warned that progress "cannot be sustained in the medium term."

A recent World Bank study said that "the need to find new forms of consensual debt relief is growing for some countries. As for the IMF, it said that "solutions to the debt difficulties ... must take into account market realities." That reality is the steep discount at which banks are willing to sell their loans — discounts which the developing countries want to share.

In his pre-meeting press conference in West Berlin last week, the IMF's managing director, Michel Camdessus, was more explicit, stating that debt reduction is "now recognized as a necessary part of the process to alleviate the debt burden."

Member governments of these organizations, and not just the debtor countries, are also pushing for new thinking on the subject. Japan, for example, has signaled its intention to seek an airing at the West Berlin meetings of a plan it failed to get a hearing for at the Toronto economic summit meeting of the seven leading industrialized nations in June.

The Japanese proposal would have the IMF administer a special trustee fund, set up with foreign reserves transferred by debtor countries, to guarantee bonds that the debtors issue in exchange for existing loans owed to commercial banks. The loans would be swapped for bonds at a discount.

The French government, which was in the forefront pushing for relief for the poorest African states, is also known to be working on a plan that would benefit the middle-income countries so heavily indebted to commercial banks.

Meanwhile, commercial bankers, with the Deutsche Bank chairman, Alfred Herrhausen, in the lead, speak openly of the need for partial debt forgiveness.

A panel of U.S. bankers, chaired by Anthony Solomon, now head of S.G. Warburg (USA) and former president of the New York Federal Reserve Bank, has called for "voluntary debt

Continued on page 9

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Latin Populism ■ Critical Juncture

For Latin Lenders, The Crisis Is Over

By William A. Orme Jr.

FOR most international banks, the debt emergency of the 1980s is over. The biggest creditors have built up reserve buffers against moratorium threats. "Busy assets" traders are assiduously purging portfolios of Latin loans. At steepening discounts, at least $15 billion in Latin American debts have been bought by foreign investors, local entrepreneurs and, most interestingly, the sovereign debtors themselves.

"There is no real debt crisis anymore," asserted a top Latin American debt specialist at a leading Wall Street investment bank. "The international financial system is not in jeopardy. There are only 11 or 12 major banks in the world that are still in real trouble because of their LDC portfolios."

But in Latin America, as in much of the rest of the socioeconomically diverse world known to bankers as the Less Developed Countries, the debt crisis is stubbornly alive and kicking. In most countries, interest payments continue to consume one-third or more of export earnings. Per capita economic growth is still stuck on zero, as it has been since the decade began.

Falling real wages and rising foreign debt payments are pushing fiscally orthodox governments out of power and promoting a new wave of populism. From Carlos Saul Menem in Argentina to Cuauhtémoc Cárdenas in Mexico, nationalist politicians throughout the region are skillfully tapping popular resentment against foreign banks and, more critically, against the local officials with whom the creditors negotiate.

"The irony is that the more militant, recalcitrant types may do better in debt negotiations than the governments that have tried to be cooperative," commented a New York banker involved with Latin American debt. "Threats of moratorium seem real from these guys. The negotiators who are more experienced, the people we get along with, may understand our regulatory problems and shareholder problems a little too well."

He singled out Mexico's public credit director, Angel Gurria, who is widely respected among bankers for the professionalism and doggedness with which he has pursued better rescheduling terms since Mexico's debt crisis started six years ago. Having served two governments to date and expected to maintain a key role in the incoming Salinas administration, Mr. Gurria is by far the most experienced member of Latin America's debt negotiating corps.

Now, however, Mr. Gurria is meeting stiff resistance from bankers as he pushes a plan for new debt-reducing bonds bearing both interest and principal guarantees from creditor countries.

"It is so easy to say no to Angel," the banker said. "He knows where we are coming from."

Yet even Mr. Gurria, who has always scrupulously avoided any suggestion of confrontation, is betraying increasing despair at the slow pace of debt reform. Pointing to the deep loan discounts on the secondary market, the stronger reserves position of the banks and the continuing net transfer of funds out of Latin America into creditor coffers, Mr. Gurria says that Mexico's debt servicing obligations should be chopped in half.

The United Nations Economic Commission for Latin America and the Caribbean calculates that the net transfer of financial resources from this poor region to the industrialized nations totaled an extraordinary $147 billion between 1982 and 1987; last year alone Latin America sent $16.9 billion more to creditors than it received.

As the World Bank notes in its newly released annual report, the aggregate per capita gross domestic product of Latin America and the Caribbean increased a paltry 0.4 percent last year. Yet the World Bank's net new lending to the entire developing world came to barely $4 billion in the past June-to-June fiscal year; if interest payments are included along with amortization, poor countries paid $1.9 billion more to the World Bank in the year than they got back in new credits.

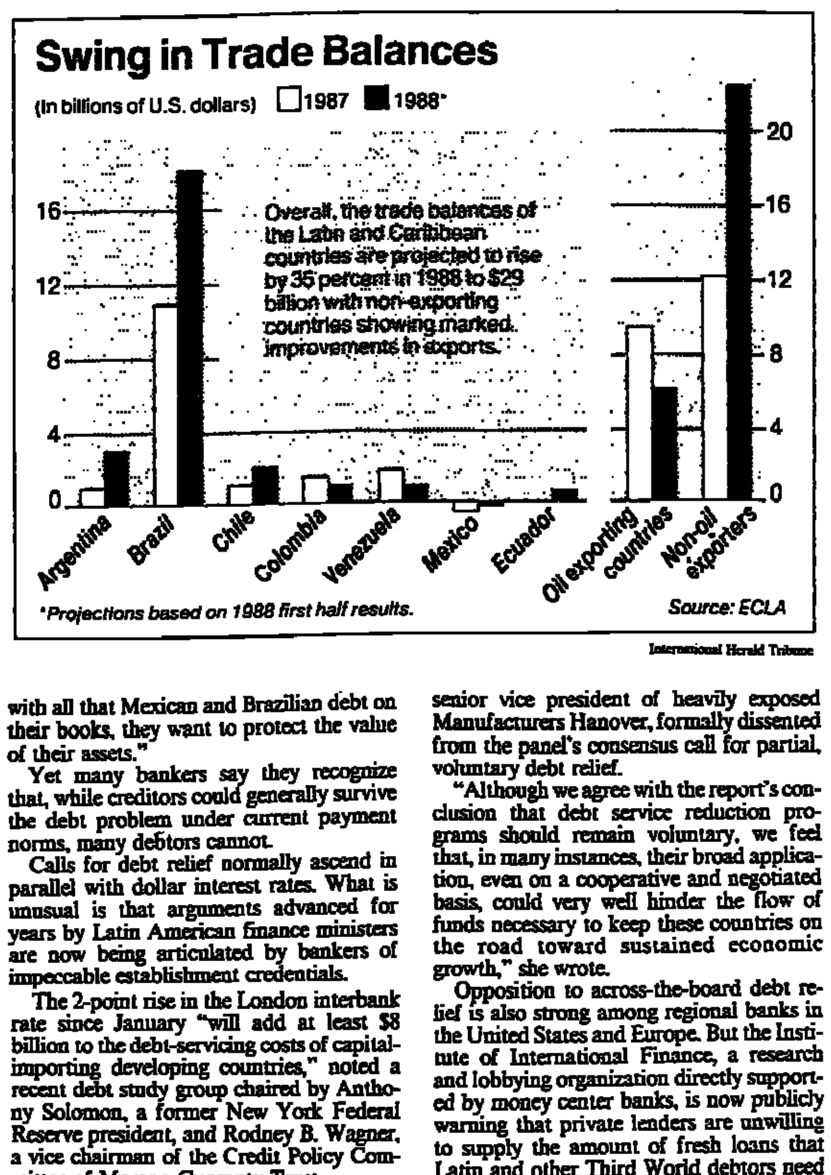
IN LATIN America, only the rural Andes and Central America, plus Haiti and northeastern Brazil, truly belong to the Fourth World of absolute impoverishment. Bankers point to the recent Bolivian buy-back plan as a possible model for the region's smaller, poorer debtors: paying 11 cents on the dollar in a voluntary agreement with private creditors, Bolivia has canceled the bulk of its $4 billion debt.

"I don't see why Peru couldn't do a buy-back, and Central America is another interesting area," said Martin Schubert of Eurinam, a New York investment bank that is credited with starting the secondary loan market five years ago.

The five Central American countries together hold debts with a face value of $17.3 billion. But the commercial component of these loans are traded on average for 15 cents on the dollar or less. A coordinated repurchasing effort with backing from Washington could quickly and inexpensively relieve the economic pressure on the war-battered isthmus, bankers note.

Most Latin Americans, however, live in a society that is too urbanized, industrialized and — relatively — stable to qualify for concessionary buy-backs or write-downs. And in the biggest economies — Brazil, Mexico, Argentina, Venezuela and Chile — the major banks "simply have too much at stake to walk away," one New York banker said.

"As soon as Mexican or Brazilian debt falls below 50 cents, the big banks start buying," a loan trader at a New York brokerage said last month. "Their perception is that the debts have gotten too cheap, and with all that Mexican and Brazilian debt on their books, they want to protect the value of their assets."



Yet many bankers say they recognize that, while creditors could generally survive the debt problem under current payment norms, many debtors cannot.

Calls for debt relief normally ascend in parallel with dollar interest rates. What is unusual is that arguments advanced for years by Latin American finance ministers are now being articulated by bankers of impeccable establishment credentials.

The 2-point rise in the London interbank rate since January "will add at least $8 billion to the debt-servicing costs of capital-importing developing countries," noted a recent debt study group chaired by Anthony Solomon, a former New York Federal Reserve president, and Rodney B. Wagner, a vice chairman of the Credit Policy Committee of Morgan Guaranty Trust.

The study group, which also included such Latin American debt stalwarts as William Rhodes, the perennial steering committee chairman, and Eugene Rotberg, formerly of the World Bank, now with Merrill Lynch, warned that rising interest rates and sluggish international economic growth "could make it difficult for even some of the stronger troubled debtor countries to make their payments."

While asserting that debt relief alone will not produce economic growth unless coupled with market-oriented economic policies, the group pointedly added that the "gap between debt-servicing outflows and financial inflows from all sources may be so large as to impede sustained economic growth by a debtor country, even one that has enacted effective reforms."

In its key recommendation, the panel said it had concluded after six months of discussion that voluntary cuts in debt servicing "should be considered as an alternative to increased borrowing." The group, sponsored by the United Nations Association of the United States of America, said in its report that "in most cases, some combination of debt reduction and new money will be required to solve the problem."

Not all bankers agree. Susan Segal, the senior vice president of heavily exposed Manufacturers Hanover, formally dissented from the panel's consensus call for partial, voluntary debt relief.

"Although we agree with the report's conclusion that debt service reduction programs should remain voluntary, we feel that, in many instances, their broad application, even on a cooperative and negotiated basis, could very well hinder the flow of funds necessary to keep these countries on the road toward sustained economic growth," she wrote.

Opposition to across-the-board debt relief is also strong among regional banks in the United States and Europe. But the Institute of International Finance, a research and lobbying organization directly supported by money center banks, is now publicly warning that private lenders are unwilling to supply the amount of fresh loans that Latin and other Third World debtors need to keep current on payments.

"There is a major risk that sharply rising world interest rates will jeopardize further [economic] progress, even in countries which have struggled to maintain consistently strong adjustment efforts and service outstanding debts," Horst Schulman, the institute's managing director, said this month.

Mr. Schulman, unsurprisingly, voices the bankers' view that, "It is clear that debt relief schemes which involve the involuntary participation of private creditors do not provide a solution." Commercial bankers would rather see the World Bank and the IMF step up their own lending while underwriting bond conversions and other debt reduction mechanisms.

The World Bank responds that private creditors should give the Third World another $9 billion or so in fresh money every year. Implicitly, though, official and commercial lenders alike are acknowledging that the present debt system is unsustainable, and without reform further unilateral servicing stoppages are probable.

WILLIAM A. ORME JR. is editor of LatinFinance, a monthly magazine published by Euromoney in Miami.

Evidence Is Overwhelming On Need for Debt Reduction

By Jeffrey Sachs

CAMBRIDGE, Massachusetts — We have arrived at a critical juncture in the international debt crisis. Until this year, the creditor world has maintained a unified stand regarding developing country debt, insisting that all interest must be paid at market rates and that no principal should be forgiven, no matter what the economic cost to the debtor countries. This position has now collapsed under the weight of the worsening economic and political crisis in Africa and Latin America.

Leading bankers have finally acknowledged the need for significant reduction of the debt burden. Several creditor governments have arrived at a similar view. Even the defenders of orthodoxy, the management of the International Monetary Fund, have acknowledged quietly that the debt must be reduced to a manageable level.

The IMF, however, has been reticent to come forward with this view, because of its wish to avoid a confrontation with its leading "shareholder," the United States.

The evidence of the need for debt reduction is by now overwhelming. Despite six years of IMF-supervised adjustment, the middle-income countries of

COMMENTARY

Latin America, and the poor countries of Africa, have not resumed economic growth or even rudimentary economic stability.

Latin America, Argentina, Brazil and Peru are now suffering from inflation rates in excess of 1,000 percent per year. Many other countries, including Mexico, Ecuador and Venezuela, are fending off high inflation rates at the cost of a prolonged internal depression. In low-income Africa, the situation is even more grim, because of the extreme poverty of these countries.

The debt has proved to be a crucial barrier to renewed growth. The direct burden of the debt is clear enough. Debt payments have deprived governments of the funds needed to provide the most basic public services and public investment, and have led many governments, especially in Latin America, to resort to printing money in order to meet local expenses. The result has typically been a collapse of public services and explosive inflation.

The political burden of the debt is equally pernicious. In many of the largest debtor countries, such as Argentina, Bolivia, Brazil, Ecuador, Peru and the Philippines, new democratic governments in the 1980s have inherited the financial mess left behind by authoritarian regimes that put the country deeply into debt.

The new democracies would like to undertake the economic reforms urged upon them by the creditor world, but the debt burden itself undermines the political case for these reforms.

To the citizens in the debtor countries, every proposed reform seems to be for the sake of foreign creditors. For example, budget cuts, which are needed to restrain inflation, are attacked as unjust ways to increase payments to the foreign banks. Democratic governments that play by the international rules and continue to pay their debts are finding themselves undermined by growing and powerful opposition parties that make a popular case for a debt moratorium.

With the economic and political weight of the debt having reached a critical level, the real fight now is over who should pay for the needed debt relief. In the poorest countries, where the bank debt is low, the answer is clear that the official creditors will have to accept losses. At the Toronto summit meeting, this much was acknowledged.

For the middle-income countries of Latin America, however, where most of the debt is owed to banks, the debate is sharper. Many of the big banks, with the surprising ally of the U.S. Treasury, make the case that the burden should be eased through more official lending to the debtor world, rather than through smaller debt payments to the banks. The banks, of course, are hoping for a disguised bailout in which taxpayer money supports loans by the World Bank and IMF that help the debtor countries to pay their interest bill to the banks.

This bailout scenario is far advanced, even though the taxpayers in the creditor world don't yet understand it.

Consider the case of Argentina, for example. Almost all professional economists recognize that Argentina can afford to pay only a small fraction of its debts. Indeed, the secondary market price of Argentine debt is now $22 per $100 face value, reflecting the widespread expectation that Argentina will pay little more than one-fifth of the debt due.

Yet when Argentina fell into deep arrears this year on the bank debt, the response of the official creditor world was to provide Argentina with fresh official funds with which to make full interest payments to the banks. The IMF is now at work on a $1.2 billion loan to Argentina, and the World Bank expects to announce soon new balance of payments support of around $800 million for the next 12 months. This $2 billion of official lending should enable the banks to receive interest payment from Argentina, in excess of new loans, of about $2 billion.

More generally, the banks expect that the new $75 billion general capital increase of the World Bank, and new funding next year for the IMF, will help to pay for a continued flow of interest payments to the banks. The bankers' lobbying association, the Institute of International Finance, was fairly explicit on the banks' strategy last week when it notified the IMF that the private banks will no longer contribute much in the way of new funds to the developing world, calling instead for more official lending.

There is, of course, a more efficient and fair way to bring about the necessary debt reduction, and that would be for the commercial banks to recognize their losses on their developing country loans by offering the developing world a sustained reduction in interest rates and principal. The taxpayers could support this debt reduction by having the IMF and World Bank guarantee a portion of the debt that remains after the debt reduction.

The banking system is now capable of absorbing losses on developing country debt without fundamental risk to its capital base. Reducing the burden on bank debt would not only be fair and manageable, but would likely benefit the banks themselves in the coming years, by stabilizing the economic and political environment of the troubled debtor countries, thereby allowing these countries to start growing again.

JEFFREY SACHS, a professor of economics at Harvard University, is an adviser to several Latin American governments on macroeconomic stabilization policy.

Creditors Talking of Debt Relief

Continued from page 7

service reduction — including debt exchanges, debt equity conversions and exit bonds — to be pursued as a serious alternative and complement to more lending."

William Rhodes, Citibank's chief debt negotiator, speaking for the bank but expressing a view of most of the American banks, supports "voluntary debt reduction" by the banks but says that "we oppose global schemes" or "debt forgiveness."

The Canadians, with fourth-largest Bank of Nova Scotia in the lead, have proposed a complex plan that includes substantial and temporary interest rate reductions "geared to some concept of 'ability to pay'."

An estimated annual interest cut of 2 percentage points could save the 17 most indebted countries $5 billion to $6 billion per year.

At present — and likely for a while — all this talk is still a cacophony. Behind the widening recognition that relief is needed, there are strongly divergent views: Should it be across the board, or only available to debtors undertaking far-reaching economic reforms? If relief is negotiated in exchange for reforms, how can that conditionality be controlled?

The debtors have established a terrible track record, repeatedly failing to live up to undertakings for reforms made in exchange for loans from the IMF and commercial banks.

Part of their failure to live up to promises is linked to the still unresolved institutional conflict between the sister international organizations, the IMF and the World Bank. The IMF's overly short horizon rarely stretches beyond 18 months while the World Bank, a long-term lender of 20-year money, does not see itself as an economic policeman.

"The problem in the middle-income countries," said an official who asked not to be named, "is one-third fiscal mismanagement, which could be taken care of by the IMF, and two-thirds long-term structural mismanagement, which can't be corrected unless you monitor and survey it for years."

Another fundamental divergence in the call for debt relief is whether or not that includes commercial banks continuing to lend new money. Continental European bankers are readier to discuss relief schemes, the Americans say, but not readier to lend money.

"There is an extraordinary misunderstanding on debt relief," said Rudiger Dornbusch, professor of international economics at the Massachusetts Institute of Technology.

"Today, the only way for banks to be kept current on debt service is to pay themselves half the interest. Suppose the banks write off half the debt, they write off the part they have been financing with new money. The country still has half the debt they were paying interest on, so nothing has changed. The only thing changed is that debt isn't piling up on debt anymore.

"But the problem of paying half the interest — which is crucifying them now — would be exactly unchanged. And that's a problem. It's puzzling why this is not understood."

He warned of a "terrible disillusionment" among creditors as well as debtors if banks were to write off half their debt and countries still had an insupportable external debt problem. To relieve the debt burden, he said, 95 percent of the debt would have to be forgiven.

"For some countries, like Mexico, that's crazy. If the price of oil doubles in two years — that's not certain, but probable — Mexico will have no problem servicing its debt. So why write it off instead of restructuring it?

"For most countries," he insisted, "the problem is how to pay interest, not whether debt is rising or falling. That means, you want a solution that attacks the interest problem, not the debt problem."

Recycling of interest payments to debtor countries would solve much of their problems, Professor Dornbusch said. That means interest payments to the banks remain invested in the country for 10 years. "Creditors get their money, but have to wait 10 years to take it out. And those 10 years give Mexico the time to reconstruct its economy to support the debt service," he said.

"Because the banks are not taking the money out, the country's foreign exchange crisis is gone. There is investment in Mexico again, and because the economy is taking off, private capital comes back. Then there's money to pay back the banks" in foreign currency, he added.

"As with a bank run, we have to suspend convertibility, get the thing restructured and in the end everyone can have their money. In a run, nobody gets it."

Professor Dornbusch would apply such a program to Mexico, before it slips back into a current-account deficit — which he sees as inevitable next year. He would have the banks reward the country for its reform efforts to date by offering to recycle interest before next year's payments difficulties and inevitable political crisis over servicing the debt.

Symbolically significant — albeit insignificant compared to the total overhang — relief of commercial bank debt has been taking place. Banks' willingness to unload some of their loans at a discount, to investors who use the face amount to make investments in the debtor countries, has eliminated some of the debt.

Short- and long-term external debt, excluding loans from the IMF, owed by all developing countries totaled $1.2 trillion at the end of last year, up 47 percent from the $815 million outstanding in 1982, when the crisis erupted.

The long-term debt owed just to the banks has risen 58 percent — to $427 billion at the end of last year.

These gross numbers admittedly exaggerate the situation. The extension of new debt has actually been quite a bit smaller. The distortion comes from counting the debt denominated in a variety of monies in a common currency, the U.S. dollar, which has depreciated sharply. In 1982, it was worth 2.42 Deutsche marks and 249 yen. At the end of last year, the dollar was worth 1.58 DM and 123 yen while currently it is worth about 1.87 DM and 134 yen.

The real increase in credit extended is estimated by the Organization for Economic Cooperation and Development to have risen 29 percent between 1982 and 1987.

Despite this increase, the annual outlay to service the debt has declined. Thanks to repeated reschedulings, 35 countries have restructured some $300 billion in debt, postponing repayments of principal and reducing interest margins paid to the banks. In addition, the banks have provided $40 billion of new money and special short-term credit lines of about $36 billion. At the same time, world interest rates declined. As a result, the annual debt service payments of all debtors last year amounted to $120.4 billion compared to a high of $127.8 billion in 1985.

That decline may now be over. The London interbank offered rate, the base rate for the bulk of the debt owed to the banks, has risen 1⅝ percentage points since the end of last year. A one percentage point change in Libor is estimated to equal a $3.25 billion change in annual interest charges for the debtors.

The total debt has continued to expand because, on average, half the annual interest on the commercial debt — $50 billion last year — is financed by new loans from the banks.

That is the crux of the current problem.

The banks are reluctant to continue lending, adding to debt that cannot be serviced.

The debtors, meanwhile, say that additional debt will only add to their huge interest payments that diverts money that could and should be spent on investment to make their economies more competitive and, ultimately, better able to service the external debt.

CARL GEWIRTZ is an associate editor of the International Herald Tribune.

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Africa Addresses Issue Of Cost of Borrowing

By Fiammetta Rocco

LONDON — It is very rare that the difficulties of small, impoverished countries capture the imagination of the rest of the world with sufficient force that a solution to their immediate problems, even if only temporary, is hammered out.

Bob Geldof's Band Aid concert for the starving in Ethiopia was one such example, and, on a broader level, so was the world's response to the plight of the "boat people" of Southeast Asia in the early 1980s.

In mid-1988, the economic difficulties that had tormented Africa for nearly two decades finally caught the global spotlight when the seven leaders at the Western summit meeting in Toronto put the continent's mounting debt problem high on their agenda.

The issue had been growing in importance for well over a year, ever since Chancellor of the Exchequer Nigel Lawson had announced a British proposal and the United Nations subsequently published the findings of a special investigation into the subject.

But it was only in Toronto, when President François Mitterrand of France put forward yet another proposal, that Africa's debt as a topic of world concern really took off.

The summit discussed three options: canceling one-third of the government and government-backed commercial loans to black Africa, stretching out repayment schedules on existing debt to 25 years at market rates, and fixing maturities at 15 years with interest rates reduced by as much as half.

This last could offer the continent as much as $500 million in relief from interest payments between 1988 and 1990 alone, according to French calculations.

The options offered donor countries "the maximum number of possibilities with the least number of exits," as one observer put it. And President Mitterrand soon found support for the plan from such unexpected quarters as the United States and West Germany.

The initiative was unprecedented. Not only was it being openly discussed at a world political level, but the solutions proposed — debt forgiveness and concessions on interest rates — would have been considered heretical two years previously, and probably thrown out altogether.

The move signaled "a better understanding to bring help to Africa," Ide Omarou, the secretary-general of the Organization of African Unity, said after the summit. What is more, it was a political endeavor that addressed for the first time the issue of the cost of debt rather than calling for simple increases in capital flows to the continent that had been the solution previously.

All told, it showed significant progress. But much is in danger of being brushed over in the general hullabaloo that surrounded the Toronto pronouncements. Most significant is the fact that the Mitterrand proposals make no attempt to deal with the problem of the existing debt stock, a large portion of which has been chalked up as recapitalized obligations rather than inflows of new money.

Nor do the proposals offer African governments, for whom rescheduling debt has become virtually a full-time process, the opportunity of planning long-term for the future.

At $218 billion, black Africa's debt is about the same size as Brazil's. But the makeup of the continent's indebtedness points to difficulties that far outweigh the size of the obligations.

Only a small handful of African countries have never had to reschedule, among them Kenya and Zimbabwe. The process is immensely time-consuming and has led Babacar N'Diaye, president of the African Development Bank, to observe that, "to be a good finance minister in Africa today you first have to be a good debt negotiator."

Yet the relief afforded by these reschedulings is largely illusory, since much of the unpaid debt is simply rolled forward at higher rates. Zaire, for example, has been back to the rescheduling table so many times that 50 percent of its external debt consists of recapitalized interest.

Maitre/Gamma

Wares on display at a market in Zaire.

Mr. N'Diaye's own debt plan, launched at a special OAU session on African debt last December, addressed this problem directly. Devised with the help of the London merchant bank S.G. Warburg & Co., the N'Diaye plan works something like a home mortgage.

Using Zaire as a test case, it proposes converting the country's $5 billion bilateral government and commercial bank debt into 20-year tradable securities. The paper would carry concessional, 4 percent interest, and repayment of the principal would be guaranteed at maturity by a sinking fund into which Zaire would pay 2 percent of the principal every year.

These terms are based on Zaire's debt-servicing record — it kept payments to a steady 18 percent of export earnings between 1981-86.

As the sinking fund fills up, the theory goes, Zaire's stock in the market would improve, as will its access to new development money. Moreover, Zaire would continue to implement a program of economic reform spelled out by the World Bank and the International Monetary Fund, and its performance would be monitored by a trustee board of its major creditors, which would also administer the sinking fund.

In the nine months since the plan was first put forward, creditors have accepted the idea that a distinction can be made between creditors without risk of what they call the domino effect and the concept of concessional rates, since Toronto, is much more acceptable.

Their greatest fear, however, in accepting Mr. N'Diaye's proposals is that creditors will be giving up a bargaining trump if they agree to a single 20-year deal rather than the annual rescheduling arrangements that currently exist — that they will be unable to use the threat of leaving the rescheduling table in order to exact concessions on economic management.

Whether that fear will be overcome remains to be seen. Mr. N'Diaye's plan has been edged out of the center of the debt stage by Mr. Mitterrand's proposals in Toronto.

FIAMMETTA ROCCO is a contributing editor to Institutional Investor and author of "The African Development Bank: Financing Growth to the 1990s," London 1985.

Debt-Equity Swaps Prove Far From Perfect Match

Continued from page 7

swaps were not designed to expunge debt from the developing world. Rather, they were intended to make the debt servicing burden more manageable.

As for debt reduction, the conversion process cancels a debt claim, replacing it with an equity obligation. The net liability position of a country does not change much, if at all, because the claims on it are just reclassified.

Among the arguments in favor of using the process, the one cited most often is that it encourages investment in countries that desperately need it but might not be able to get it without offering investors the incentive of a currency discount.

"It may swing into action those investors who were not prepared to put in cold cash," said Giovanni Vacchelli, the IFC's special representative in Europe.

While the IFC believes it is better for developing countries to receive traditional cash investments, debt conversions have a role in fostering incremental investment increases, Mr. Vacchelli said.

It also can be argued, he added, that they improve the investment climate by demonstrating a country's willingness to accept foreign input in domestic enterprise.

From the standpoint of indebted countries, conversions are seen as methods of handling external debt that will help restore creditworthiness and encourage investment that will stimulate private sector growth.

Most countries with formal schemes channel this investment into particular industries, such as export-oriented ones in hopes of improving the trade performance. No scheme allows unrestricted investment and at the very least some countries screen the planned investment to determine its merit.

There also are restrictions after the investments are made to prevent capital from flowing out of the countries as fast as it comes in. In many cases, a number of years must elapse before an investor can remit capital overseas.

Perhaps the biggest criticism of debt-equity swaps is that they might inhibit additional investment in the countries concerned. The debate centers on the question of how much money might have entered a country anyway — without the sweetener of a currency discount. If the answer is that money would have flowed in regardless, then swaps are siphoning off some of that amount.

Professor Richard Portes, director of the Center for Economic Policy Research in London, said that resolving the debate about "additionality" is impossible because it would require knowing the reasons for every investment decision.

His main objection to debt-equity conversions is that they give foreign investors preferential exchange rates.

"It's a very inefficient way of allocating investment resources," he said. "The debt repurchase part at a discount is fine — I'm all for that. The investment side should be done quite separately."

After totting up the advantages and disadvantages of conversions, he said: "They don't give substantial benefit to the debtor countries."

The only beneficiaries are banks that can take comfort in knowing they can discard problem loans and investors who can get money on the cheap, he said.

Other drawbacks focus on the impact conversions have on the monetary and fiscal policies of countries redeeming the debt.

Research reported in the International Monetary Fund and World Bank publication Finance and Development showed the banks could lead to increases of 33 percent to 59 percent in the domestic money supplies of four of the major debtor countries.

There are tools available to neutralize the inflationary effects. The tools must be handled deftly to avoid negative consequences for domestic capital markets.

Countries have dealt with this problem by setting monthly quotas on conversions. In Chile, rights to conversion are auctioned off to domestic banks which distribute them to customers.

A twist on the theme has been the establishment of conversion funds aimed at boosting foreign demand for swaps. Some of these funds, such as a $100 million Brazilian fund managed by Morgan Grenfell, invest the proceeds of a debt sale in a diversified portfolio of equities.

International monetary authorities have been promoting the concept of conversion funds by touting the relatively good performance of stock markets in many developing countries. Because the funds typically prohibit investors from repatriating capital for a number of years, the funds are more suited to investors seeking long-term holdings.

As one item on a menu of options for handling the debt crisis, conversions have had some pleasing results for banks, debtor countries and investors.

Mr. Vacchelli of the IFC says the concept was slow in catching on but now there is a growing acceptance of it as an alternative method of making investments in developing countries.

"Frankly, the volumes we are seeing are more than we might have expected in 1983," he noted.

A recent report by the Commonwealth Secretariat on mobilizing capital for development concluded:

"It is clear that debt-equity swaps may be useful but are not a panacea for debt or an alternative, in terms of raising new foreign equity, to creating a more favorable investment climate overall."

The report added: "It is, however, possible to point to interesting, innovative arrangements where unconventional sources of foreign investment have been mobilized for what seems to be developmentally valuable activities."

MARYBETH NIBLEY is a financial journalist based in London.

Conversions Become Key Strategy Among U.S. Banks

By Linda Keslar

NEW YORK — Until this year, U.S. banks were handicapped in converting their Third World debt into equity shares in nonbanking companies by the American Federal Reserve's "Regulation K," which limited their investment in nonfinancial assets.

Now that this rule has been eased, gold mines, fisheries and forest companies are just a few Third World companies in which U.S. banks hold stakes.

In fact, debt-equity conversions have become a key strategy among banks like Citicorp and Bankers Trust as a way to reduce their Third World loan exposure. Other initiatives include the outright sale of the loans, write-offs and debt for debt swaps to quickly dispose of troubled foreign loans.

As a result of such tactics, "banks don't view LDC debt as life-threatening issue any more," said Noel Dugat, vice chairman of International Capital Corp., an American Express subsidiary. And, since many U.S. banks have also been raising more capital, Third World loans have declined both absolutely and relatively.

For the 13 largest banks in the United States, loans to developing countries have shrunk to 101 percent of total equity capital for the first half of this year, from 137 percent a year ago, according to Salomon Brothers.

Citicorp's effort has been most aggressive. It reduced its loan exposure to developing countries by $2 billion just a year after it announced its $3 billion loan loss provision.

Some banks, though, have done very little. BankAmerica Corp., which accounts for more than 70 percent of the Third World exposure for the four largest California banks, reduced its exposure by only 9 percent in the past year, according to the Salomon study.

The most popular strategy for many have been outright sales, possible because of the growing secondary market for Third World debt. The biggest sellers have been the American regional banks, such as First Interstate, which in the second quarter sold almost all its Argentine loans.

The bigger banks have also been selling loans, but many are hindered by the sliding bid prices reflecting the oversupply of debt in the secondary market for troubled loans.

Debt-for-debt swaps are another strategy, particularly in the private sector in Brazil, Mexico and Argentina. Through a deal it organized for Mexico that involved the U.S. Treasury, Morgan Guaranty canceled some $400 million in its exposure there earlier this year. The bond for debt swap also reduced the Mexican government's foreign bank debt by $1.1 billion.

LINDA KESLAR is a financial journalist based in New York.

Good Prospects for 1988

Current account 1st half 1988:

Group figures	1st half 1988	1st half 1987	Change
Sales	DM 21,381 mio	DM 19,481 mio	+ 9.8%
Net income	DM 335 mio	DM 304 mio	+ 10.2%
Capital spending for fixed assets	DM 1,236 mio	DM 913 mio	+ 35.4%
Employees	83,830 (June 30)	74,130 (Dec. 31)	+ 13.1%

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VEBA is wholly in private hands: The capital stock is owned by 600,000 shareholders, 90% of them small investors.

Profits again markedly improved

Compared with the 1st half of 1987, the Group's net income rose by 10%. The deciding factor was the continuing improvement in profits in the chemical sector. Hüls Troisdorf AG, which carries on the chemical and plastics activities of Dynamit Nobel AG taken over on January 1, 1988, was consolidated for the first time. Assuming that the development remains positive, profits are expected to at least match the previous year's good level. Our shareholders will receive a fair share of these profits.

Chemicals rising, electricity and trade gratifying

Once again, PREUSSENELEKTRA and VEBA KRAFTWERKE RUHR made a sizeable contribution to profits. VEBA OEL succeeded in improving its results compared with the same period last year. Norddeutsche Faserwerke was sold as of July 1, 1988. HÜLS is participating to the full in the favourable situation of the chemical industry. The utilization of production facilities was again increased by comparison with the same period last year. The trading companies STINNES and RAAB KARCHER further expanded their market positions.

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ARTS / LEISURE

London Glitters in YSL Gala

International Herald Tribune

ONE famous face was missing from the gala evening staged by Yves Saint Laurent in London.

The Duchess of York — Saint Laurent's most conspicuous British client — had flown off the day before for a visit to Australia, and a reunion with husband Andrew, the navy lieutenant. In a break with royal tradition, Sarah's wardrobe includes couture and ready-to-wear outfits by Saint Laurent. Her sister-in-law, Diana, is obliged to wear British clothes at least in public.

High-profile guests at the show — which was both Rive Gauche and the acclaimed July couture collection — included Jerry Hall in camel jacket and see-through chiffon blouse worn demurely over a lacy bra; and Sally Burton, taking time off from promoting the diaries of her late husband, Richard Burton.

Showstoppers in a sea of shapely black Saint Laurent suits were the French ambassador's wife, Hedwige de La Barre de Nanteuil, in cyclamen pink, and Michael Caine's beautiful Indian-born wife, Shakira. She was wearing a paisley throw and striking gold jewelery, part of a collection she has designed with Sunita Pitamber who made the jewels for Diana Vreeland's India exhibition at the Metropolitan Museum in New York. The jewelry will be introduced to the United States in October.

— SUZY MENKES

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Richard Young/Sipa

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Shakira Caine in her own label jewels and Sarah, the Duchess of York, wearing Yves Saint Laurent.

Where the Line on High Prices Is Crossed

By Enid Nemy
New York Times Service

NEW YORK — Who could like them — the $200-a-night hotel rooms, the $1,000-a-month studio apartment rents in Manhattan, the $55 prix fixe dinners, the $150 boots, the $50 hair cuts?

But life being what it is these days, the sense of shock and outrage at what were once considered astronomical and ridiculous prices has, in many cases, become either numb or muted. Once-startling totals are now accepted, not always gracefully and not necessarily by everyone, but some of them.

There are, for instance, the resigned lot who simply shrug and say "Well, that's the way it is," and fork over the required money for hotel rooms or boots or whatever. But these same people may flinch at the idea of a restaurant tab that could buy groceries for a good part of the week. Then there are those who spend $5,000 for a stereo system, and when something goes wrong, enlist the neighbor's "handy" son rather than pay a $200 service charge.

There is a line-drawing point for everyone, a different line for different individuals, an unreasonable line sometimes, a quirky line maybe, but the line is there. It comes into play almost as frequently over strange and comparatively inexpensive things as it does when substantial amounts are involved.

Terrie Williams, who owns a public relations firm, admits that she does not think twice about paying $1,500 for season tickets to New York Knicks games. However, once there, or in any stadium, she will not pay $2.50 or $3.50 for a hot dog or $1 or more for potato chips. No way.

"I bring my own things to nibble," she said. "If I'm with someone and they want to buy it for me, fine, but I can't do it."

If there is a $30 price tag on an undershirt or shorts, or a pair of shoes marked $200, Gene Hovis is not immobilized. But show him a tie for more than $12 or $15 and it will stay right where it is. Hovis, a cookbook author and food consultant, will spend $45 for a theater ticket. But he will starve first rather than spend $1.50 or $2 for candy or a drink.

A restaurant check for $40 to $60 is not something that Christy Ferer enjoys but it does not upset her. But anything more than 60 cents for a cup of takeout coffee, anywhere, and she will suffer caffeine withdrawal. "The Waldorf has the best takeout coffee in town but I won't pay $1.25," said Ferer.

Betsy Carter, the editor of New York Woman, spends "a lot" on her haircuts. The hands that do the editing? She went "shopping" until she found a $5 manicure. She believes "everything I read in ads," she said, which is why she often spends $12 and $15 on lipstick and even more on skin cream. But when it comes to vitamins, it is off to the discount store.

Lagerfeld at 50: A Pro at Play

International Herald Tribune

PARIS — "I feel that the best is still to come — that up till now I have been a dilettante all my life," says Karl Lagerfeld as he reaches his 50th birthday.

The polymath designer has been celebrating this month with his fashion families: a warm-hearted all-Italian party hosted by Anna Fendi and her sisters, whom Lagerfeld has worked with since 1962 — half his life and most of his career.

SUZY MENKES

Then there was the more formal Paris party, held in his honor by Chanel, whose midlife fashion image he has so spectacularly rejuvenated. For this celebration, Lagerfeld was inexcusably, but characteristically, three hours late.

"I was born late," he announces, bustling (only 40 minutes behind schedule) into the dining room of the Ritz. It is a fit setting for his brand of sophisticated luxury. He expresses that in his person with a discreet lace edging on a white cotton shirt and black crocheted lace tie ("Matsuda") and a fine black and white cameo tie pin from his collection ("a Christmas present from Prince Rainier"). Although he has long since abandoned the 18th century frock coats, brocaded vests and fluttering fans, there is still a hint of the fastidious dandy. His tailored jacket is from Yohji Yamamoto.

"I am not at all Japanese in shape, not small. Yet Japanese clothes fit me best," he says.

Does he, at that moment, remember that he launched his first menswear collection two weeks before? The film he made for that show expresses his life and current enthusiasms. It featured his fashion friends in a baroque château wearing various ensembles in enigmatic vignettes.

"I always want my pictures to be part of a story line," says the designer, who took up photography in order to evoke the spirit of Chanel. His witty and charming pictures for Chanel's July couture collection, show house model, muse and piquant friend Inès de la Fressange, in scenes from Shakespeare.

The menswear film — done on the run like the rest of Lagerfeld's life — was shot in one weekend. A new film, featuring Inès and Princess Caroline of Monaco, strictly for private consumption, is under preparation for Monte Carlo's Christmas festivities. And he has been photographing Caroline in aspects of her domestic and official life, for Vanity Fair magazine. Lagerfeld, often spiky about fashion colleagues, is lavish in his affection for Princess Caroline.

"She is the ideal modern woman," he says. "Fun, clever, intelligent and a good mother. She is not at all like her public image."

He talks in a rush of words, punctuated by interrogative stops, in four languages: French (he started his career at design school in Paris at the age of 14); Italian; English, in a rapid staccato, and his native German. He has recently replanted fashion roots in Germany by signing with Steilmann to create a KL sportswear line.

He speaks first and thinks later. The fast mind, quick wit and entertaining eloquence have landed him in trouble. He invited wrath by describing the seductive lines of a Fendi collection as "shaped to be raped."

"It was just a misprint, you know," he now announces. "It should have been 'draped' but they missed off one letter." With similar insouciance, he dismissed as "wine stains" the blood-red splashes in a Fendi collection that celebrated, to supreme effect, the wild side of fur. Lagerfeld's most uncomfortable gaffe was to denigrate Yves Saint Laurent, (born in Algeria and a fashion rival when he and Lagerfeld were both students) as a *pied-noir* — a term referring to repatriated North African-born French.

Saint Laurent's Pierre Bergé has recently retaliated by describing Lagerfeld as a "fashion mercenary." That has a sting of truth.

Karl Lagerfeld is at his most productive, persuasive and effective when he is on hire. That was true of his 20-year span with Chloé, where Lagerfeld more or less invented deluxe ready-to-wear. His 1970s collections were memorable in a fashion decade devoted to *nouveau pauvre* — bias-cut crepe de chine dresses whispering across the body, graceful cape coats, attenuated cashmere knits and inventive embroideries of gateaux, scissors, faucets, or even a douche of sequins cascading down the back.

Chloé celebrated *le flou* — fluid dressing with Lagerfeld's perception of taste and luxury. It also celebrated a fashion partnership between the designer and Chloé's then owners, Gaby Aghion and Jacques Lenoir, about whom Lagerfeld was famously dismissive.

The same relationship is being repeated at Chanel. Although the point of leaving Chloé in 1982 was to set up his own house, Karl Lagerfeld's outstanding success of the 1980s has been at Chanel, where he has interpreted Mademoiselle's image with a light hand and heart. His irreverent approach to a house that had become weighed down by tradition has been very effective, from the flirty new Chanel suit with its widened shoulder line and short skirt, to the deliciously sophisticated evening clothes and witty accessories. He is liked and well-supported by the atelier, directed by Gilles Dufour, who, like Carla Fendi, acts as a lightning conductor for the designer's flashes of inspiration.

Lagerfeld's reaction to his success at Chanel is throwaway, don't care — as though the four Chanel collections a year were done in his spare time as a favor. He talks of "my clothes." Coco Chanel seems to be relegated to a detail of fashion history. Lagerfeld's public attitude to a management that has supported him unconditionally (and reaped rich rewards) is arrogant, even mischievous.

"Should I set up a couture house for KL as Revillon is begging me to do?" he muses. Ralph Toledano, managing director of Karl Lagerfeld, said Monday that there were "no plans whatsoever for a couture collection at the moment."

Is he about to sign a contract with Dior, as the persistent Paris rumors suggest?

"Why should I go to Dior, especially under Bernard Arnault?" retorts Lagerfeld. "Just because Béatrice Bongibault has gone from Chanel to Dior and I got on so very well with her . . ." The unfinished sentence lingers poisonously in the air. "Then, of course, Dior could do with a bit of rejuvenation, no?

"I don't know who starts these rumors," he continues briskly. "I have written to Marc Bohan . . . ." Another unfinished sentence to which Dior's designer puts an abrupt full stop. Marc Bohan, firmly in harness, says that he has received "no letter, no communication whatsoever from M. Lagerfeld."

Karl Lagerfeld is not popular in the Paris fashion world nor with its establishment, who shamefully cut him out of any citation in the fashion Oscars. He is too intelligent, cultured and clever for the more vapid members of fashion's demimonde, and he is not a social animal. He invites friends to stay in his various, much-publicized homes. (His Monte Carlo apartment has just been done up with 18th century Swedish furnishings and a canopied bed.)

"I am a terrible host," he says. "When I have people to stay they never see me, except at lunch, and maybe not even then." His favorite moments, he says, are when he is quite alone "with a piece of white paper to draw on and a horrible German sausage."

His passion is books, which he buys in profusion and devours or gives to friends. To those to whom he is close, he is warm, generous, even to excess. They are asked, as one puts it, "to be father and mother, brother and sister and wife, because fashion is his family."

Karl Lagerfeld's father — a millionaire from dried milk manufacture — was 60 when his son was born. "So he was 80 when I was 20," says Lagerfeld, "and my bank manager told me that I was like a little dancer, I could do just what I liked with him."

It is an odd metaphor for father and son. His parents sent him — allowed him — to go to Paris to study dress design at the age of 14.

"A German publisher has offered me a fortune for the story of my early life in Germany," he says. "But I can't do it while there are so many people alive. It will not be published in my lifetime."

He is now working on a children's book (he is godfather to Yul Brynner's kids, among others). His delicate drawings will illustrate a new version of the classic tale of "The Emperor's New Clothes."

The title suggests an unpalatable truth about Lagerfeld's own label collections in the house he set up in 1984. Five years on there are the biannual shows, the German sportswear line, furs for Revillon, the new menswear made under license in Italy, the fragrances and a new bag and purse collection, launched in Paris Tuesday.

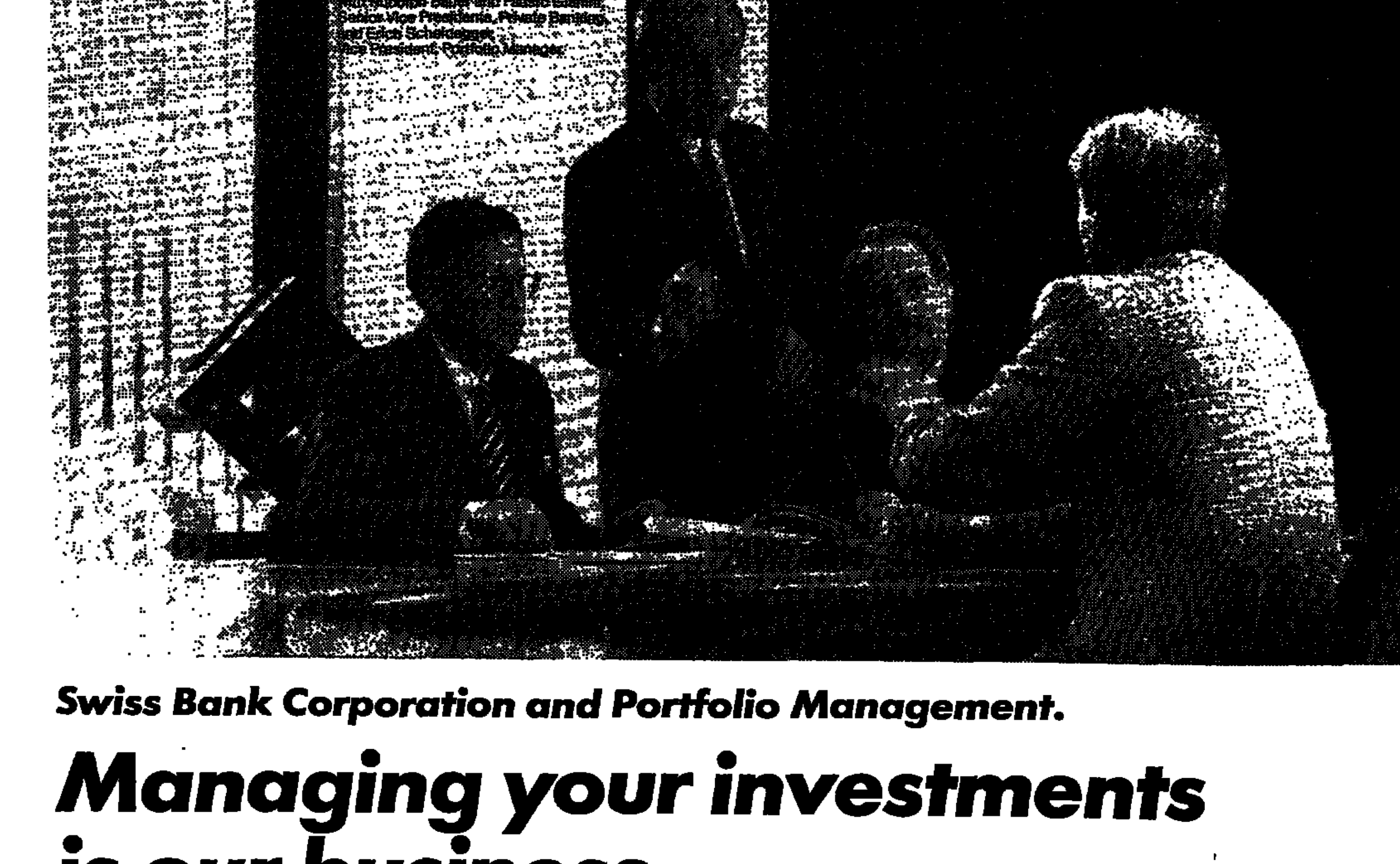
In these collections there have been occasional high points (especially in the knitwear), a few succulent evening dresses (reminiscent of Chloé), witty ideas in sequins, fine tailoring, good hats. That does not seem enough from a high-profile designer with a powerful fashion track record.

"I am a dilettante," says Karl Lagerfeld. "But professional with it, no?"

Perhaps he finds it more amusing to play in other people's houses than his own.

Inès de la Fressange, as photographed by Karl Lagerfeld, inset.

Lagerfeld on Princess Caroline of Monaco: 'She is the ideal modern woman. Fun, clever, intelligent and a good mother. She is not at all like her public image.'



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Nordic Finance

Computer Links Reduce Need for A Single Bourse

By Juris Kaza

STOCKHOLM — A few people still imagine a big building, in some metropolitan center north of the Danish-German border, where Finns, Swedes, Norwegians, and Danes punctually troop onto a trading floor to sell Volvo, buy Nokia and United Breweries, and wait for customer orders to set the direction of Norsk Hydro's price.

"This will never happen," says Sten Westerberg, chief economist of Enskilda Securities in London and of Enskilda Fondkommission, Skandinaviska Enskilda Banken's autonomous securities trading division in Stockholm.

Mr. Westerberg, who says his company is the single largest trader in Nordic securities on international markets, asserts that "Nordic politicians have been outrun by events" in the creation of a common Nordic securities market.

"We, the traders, have created a functioning market," he says, explaining that for all practical purposes, there is a Nordic market in London. London has become a larger market than even Stockholm for shares of the largest and best-known Swedish corporations since a 1-percent turnover tax was imposed on trading on the Stockholm Stock Exchange.

A broker at another large securities brokerage in Stockholm adds that a Nordic market exists wherever a foreign investor can do "one stop shopping, or trading" in securities from all of the Nordic countries.

As a practical matter, the broker said his brokerage and other large houses in Stockholm, Oslo, Copenhagen and Helsinki could offer this service through London or electronic links with affiliates in neighboring countries.

Magnus Syren, chief equity dealer at Nordic Brokers AB, a brokerage whose primary business is "interdealer brokering" says many foreign investors "see a total Nordic market" rather than individual markets and economies.

Mr. Syren explains that Nordic Brokers currently deals mainly in large blocks of Swedish shares, but adds "our intention is to include trading in Norwegian, Finnish, and other Scandinavian equities." The Stockholm-based brokerage's London office is the focus of this activity, according to Mr. Syren "since there are 17 market makers trading in Swedish shares in London, and 12 Swedish shares whose turnover in London is as much as the entire Stockholm Exchange on some days."

Leif Vindevaag, head of research at the Stockholm Stock Exchange, says the idea of integrating Nordic markets is far from dead, even if there will never be any single physical "Nordic Stock Exchange."

"We have a limited number of big brand names that have the liquidity to trade in London," Mr. Vindevaag explains, saying that sophisticated investors will want markets for shares that are more closely tied to individual Nordic economies.

"This is the 'specialty store' idea, to have investment opportunities that move with the Scandinavian economies and whose prices are not set on NASDAQ or in London," he says, "That is where we in Stockholm have an edge in competition."

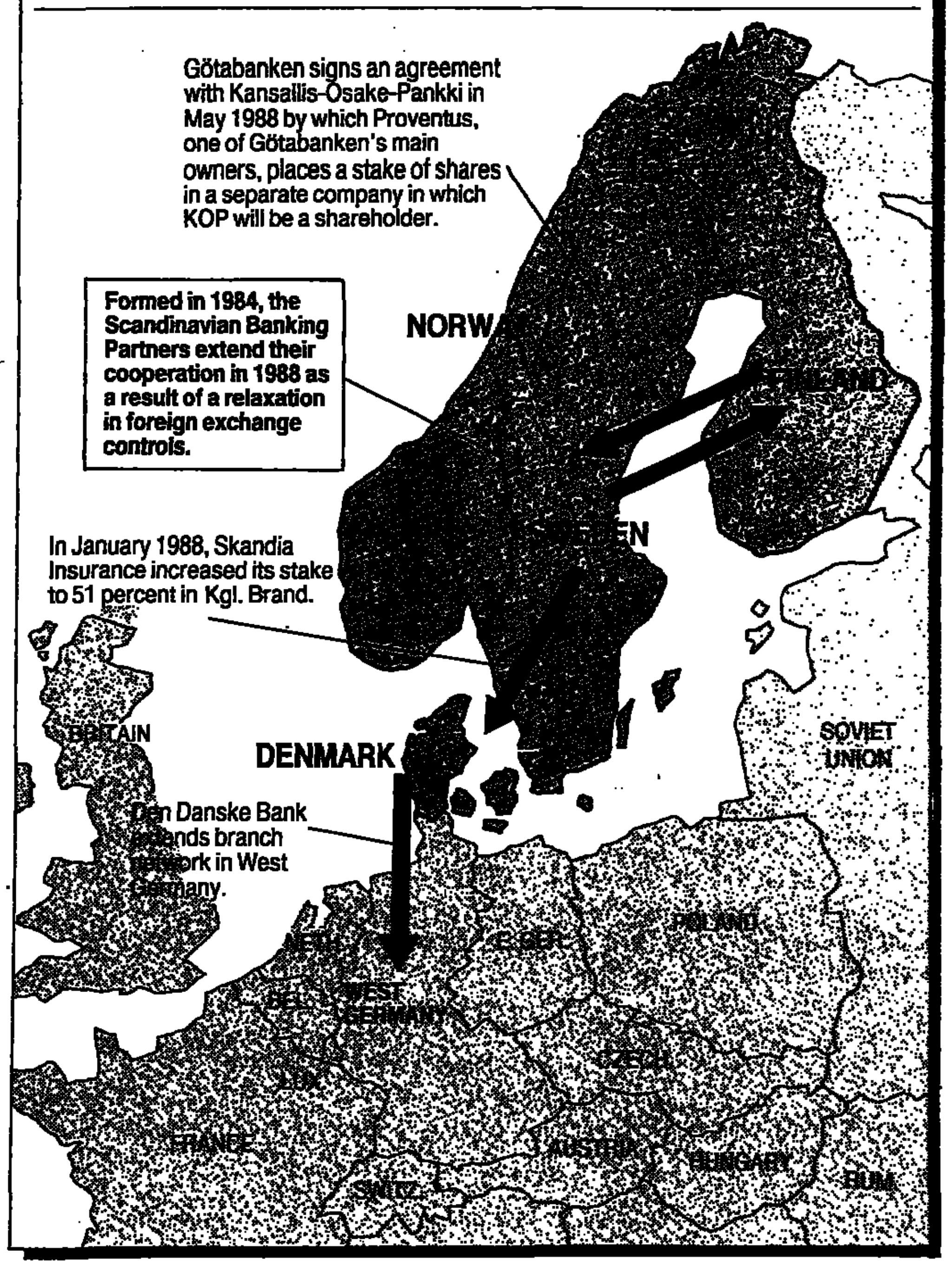
Mr. Vindevaag, formerly an executive with Enskilda Fondkommission, said the Stockholm Exchange was working mainly on improving its electronic information and trading systems.

By the early 1990s, he said, Stockholm's systems would make available a broad range of Swedish and Nordic equity data that would link directly into decision support systems around the world. The exchanges in the other

Continued on page 13

Toward an Integrated Market

Cross-border agreements are multiplying between Scandinavian financial institutions to face the challenge of Europe in 1992.



Andy Sabbatini/International Herald Tribune

Alliances Are Key As 1992 Looms

By Michael Metcalfe

COPENHAGEN — Worried by the quickening pace of competition within the European financial services sector at the start of the race toward European Community market integration in 1992, Nordic financial institutions are busy forming strategic cross-border alliances of their own.

However, many of the banks, insurers and other financial service companies — particularly in Sweden and Norway — find the scope of expansion severely restricted by legislation, which either limits foreign holdings in the respective Nordic countries or curbs sectoral business activities. This seriously hampers chances for creating larger pan-Nordic alliances with wider financial diversification to take on the European heavyweights.

Over the summer, Sweden's fourth-largest banking group, the Gota Group, announced that it was joining forces with Finland's leading commercial bank, Kansallis-Osake-Pankki, or KOP. The partnership entails a degree of cross-ownership through a joint holding company, which will embrace corporate and investment banking, as well as retail and data processing activities.

The move was part of a rapidly emerging pattern in the Nordic financial services sector to strengthen its position in Europe as a whole. As the countdown to the EC's single internal market gets under way, cross-shareholdings are seen by many Nordic financiers as preparation for pan-European financial services companies.

The Gota/KOP partnership is no exception. Although it is limited in scope by current Swedish legislation forbidding direct foreign participation in Swedish banks, these restraints are expected to be loosened in the near future as Swedish lawmakers come to grips with the legislative hindrances.

In line with the gradual dismantling of barriers to the free flow of capital in Europe, Sweden's central bank has relaxed exchange controls limiting foreign corporate investment in Sweden and the acquisition of foreign stock by Swedish companies.

On the domestic level, foreign-owned banking houses and other financial institutions are barred from taking stakes in Swedish banks. No such restrictions apply to insurance companies. This explains why Swedish, and to a lesser extent other Nordic, insurers — rather than banks — are in the vanguard of cross-border alliances.

Foreign participation in Norwegian financial service companies is limited to 15 percent and there is little prospect of this ceiling being raised in the near future. This restriction helped to scotch plans by Sweden's largest insurance group, Skandia, to acquire a 25 percent holding in Vesta, Norway's second-largest insurer.

In Denmark, strict divisions between the various segments of the financial sector have begun to blur in the past decade.

Banks have moved into the traditional territory of insurers, seizing a 50 percent chunk of the pension savings market over the past 15 years; insurers have begun to offer services in the merchant, private banking and consumer lending sectors; banks and insurers alike have moved into the brokerage business now that the monopoly of trade on the Copenhagen Bourse has been broken up.

> Financiers find existing laws limit the scope for expansion.

However, current legislation forbids mutual insurance companies, where the stock is held by the policy-holders, from diversifying into other financial fields.

Denmark's three largest insurance groups — Baltic, Hafnia and Topsikring — took precisely this course of action, choosing in 1985 to set up holding companies owning the majority of shares in group subsidiaries. Hafnia, the second largest insurer after Baltica, created Hafnia Bank in September 1986 as a wholly-owned subsidiary of the holding company, Hafnia Invest.

Following Hafnia's acquisition of the Danish commercial bank Faellesbanken at the end of last year, Hafnia Bank — renamed Hafnia Trust and Investment Bank — now specializes

Continued on page 12

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March, 1988

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The Nikko Securities Co., (Europe) Ltd
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9 7/8 % Notes of 1987, due November 20, 1992
Issue Price: 101%
Date of Issue: November 20, 1987
The Notes are listed on the Helsinki Stock Exchange.

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Baring Brothers & Co., Limited
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Deutsche Bank Capital Markets Limited
Dresdner Bank Aktiengesellschaft
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WORLD BANK

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9 5/8 % Notes of 1988, due May 10, 1996
Issue Price: 100%
Date of Issue: May 10, 1988
The Notes are listed on the Helsinki Stock Exchange.

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Union Bank of Finland Ltd
Algemene Bank Nederland N.V.
Banque Bruxelles Lambert S.A.
Banque Générale du Luxembourg S.A.
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Iceland Awaits Strategy

By Bernard Scudder

REYKJAVIK — Fluctuations in Iceland's niche economy, where fish accounts for three-quarters of export earnings, mix both good and bad times since the well-being of the 250,000 islanders is tied exceptionally closely to rapid changes of fortune in the industry, although it only employs 15 percent of the population.

Soaring seafood prices sent growth spiraling in 1986-87, when gross domestic product rose by 6.3 percent and 7 percent respectively. But, analysts agree, the present downswing in the business cycle is unusual in the way both good and bad factors have teamed up against the accepted economic status quo.

One factor is double-digit inflation, which has plagued the country for more than 15 years. A rate of 25 percent to 30 percent is forecast for this year.

Another is a slump in world seafood prices, now exaggerated by the slide of the dollar, in which much of Iceland's fisheries exports are denominated.

For years, such setbacks were countered with devaluations, which bought only a short breathing space and aggravated long-term inflationary trends. Devaluation is now used less often as an instrument of economic adjustment, even though the krona has already dropped twice this year by a total of 12 percent, and a further "unused" 3 percent is likely.

Real rates of interest have grown to around 10 percent above inflation since 1985, when banks were allowed to determine them for themselves. High interest reflects not only competition for savings, but also a persistent, excessive demand for money, frequently for pure consumption.

Credit, moreover, has been index-linked for eight years, but many businesses still roll along with no equity to speak of, borrowing to pay their immediate costs and grinding to a halt when revenues fall, as in the present seafood price slump.

With a few notable exceptions, business is only just beginning to wake up to share finance as an alternative to borrowing. The market is still scarcely more than a name. Only a handful of shares are quoted, although the apparatus for development is being assembled, including a market maker, Draupnir Ltd., which was formed last year.

Overall losses by the freezing plants, which form the largest branch of the fishing sector, are officially put at 12 percent.

Meanwhile, the fall of the country's three-party coalition led by Prime Minister Thorsteinn Palsson, of the conservative Independence Party, on Sept. 17, after 14 months of wrestling with the sudden economic downswing, adds another element of instability.

It remains doubtful whether an attempt to put together a replacement coalition by the other two coaltion partners, the Progressive Party and the Social Democratic Party, will result in the decisive long-term political leadership and credibility needed to sit it out until the economy picks up.

Mr. Palsson last month shelved draconian proposals, including a 10 percent deflationary pay cut, after labor union opposition. But a price freeze took effect for September and created the basis for a 10 percent to 12 percent cut in nominal interest rates at a stroke.

There is general political agreement in principle but not in practice on at least a balanced budget next year to reduce demand for both goods and credit.

Finance Minister Jon Baldvin Hannibalsson had already pared new foreign borrowing by the public sector to the bone this year. Both the foreign debt-GDP ratio and debt service are actually falling, only in part due to the slide of the dollar.

Value-added tax, which was to be introduced in July 1989, could also be delayed as part of Treasury cutbacks — and with it the most tangible step so far toward structural alignment with the European Community, which is Iceland's outstanding trade partner for both imports and exports. Membership in the EC is ruled out for fear of having to share the fishing grounds.

Iceland's nonbanking sector is focusing on securities brokerage and leasing. In 1987, one-sixth of new business investments were funded by Icelandic leasing firms in what was only their second year of operation, a clear witness to the backlog of missed opportunities during decades of central credit rationing and market regulation.

BERNARD SCUDDER is the editor of the English-language monthly News From Iceland and the Quarterly Iceland Review.

Jean Valentin/Explorer

Iceland's export earnings depend on fishing.

Finland Plans Tax Reform To Safeguard New Prosperity

By Lance Keyworth

HELSINKI — The fundamental wisdom that Finland is a small open economy is a truism that now requires a rider: for the moment.

Ravaged by war with its giant Soviet neighbor across its eastern borders in 1939-1940, and later during the German campaign against the Soviet Union, Finland was faced with crippling demands for war reparations. It had to resettle within its shrunken territory the approximately one-tenth of its population who had left the ceded areas.

It also had to build up its industrial structure. It needed growth, urgently. The first two decades of peace were therefore a period of controls and regulations. The Finns then had to get on with industrialization, specialization, expansion of the economy and marketing.

There was little outside help. The Finnish market, serving a population of nearly 5 million, was too small to accommodate such expansion, though the Nordic area could be regarded as an extension of the home market.

Inflation was a problem, capital resources were limited. Initially, the answer was a succession of devaluations of the markka.

But this was neither a stable nor a confidence-inspiring policy in the longer term.

By the early 1980s, the old controls and restrictions were being eased step by step. Inflation had been brought down to relatively moderate levels. Finland was a member of the European Free Trade Area, had acceded to the General Agreement on Tariffs and Trade and had bilateral agreements with the Comecon countries and special agreements with the European Community.

The 1980s have been prosperous. The value of the markka has been stable, the trade balance satisfactory, Finnish firms and banks have been active worldwide.

But, with the easing of currency restrictions and with high interest rates, the foreign debt has grown.

The current account deficit will probably be around 12 billion markkas ($2.7 billion) this year and up to about 17 billion in 1989. Recently concluded wage settlements have not been as moderate as hoped and private consumption is too high.

The result is continuing inflationary pressure. Complicating factors are tax reform, the imbalance of trade with the Soviet Union in which falling oil prices play a major role, and the difficulty of achieving the so-called stabilization program proposed by the government.

The suggested revision of the scale and scope of taxes and benefits is attached to the 1989 budget bill now before Parliament. Finance Minister Erkki Liikanen claims that it will provide some tax relief, but for many taxpayers this will be offset by the lowering or removal of several deductibles.

It seems unlikely that Parliament will accept this proposal as it stands. The unions do not like it and want to see the final result before they agree to sign the stabilization program. The Bank of Finland has announced a small incentive in the form of a cut in interest rates by a one-half percentage point in January 1989 if the stabilization program is signed by December.

Finnish-Soviet trade is bilateral, based on 5-year framework agreements which serve as the guide for detailed annual agreements.

The books are kept in clearing rubles and should show an approximate balance at the end of each 5-year period. The system has suffered lately from the changes in oil prices.

Dominating the scene is the year 1992 and the question of Finland's relations with the EC.

The bigger Finnish banks already have subsidiaries or some form of representation in a number of European financial centers. They are also looking further afield to the United States and Southeast Asia. Four foreign banks have established offices in Finland and three of the 52 corporations listed on the Helsinki stock exchange are foreign.

LANCE KEYWORTH reports on Scandinavia for Time magazine.

Bankers Seek Cross-Border Alliances

Continued from page 11

in portfolio management and pension savings, while Hafnia Bank's investment banking division has been transferred to Faellesbanken, renamed Hafnia Merchant Bank.

"The closer integration of Europe and the demand for financial services in other parts of the world with above-average growth prospects makes a policy of gradual and carefully monitored expansion outside Denmark a natural choice," said Hafnia Invest's managing director, Per Villum Hansen.

Hafnia currently is negotiating a strategic alliance involving cross-shareholdings with another European insurer, although Mr. Hansen declined to disclose further details of the deal.

Despite its Norwegian setback with Vesta, Sweden's Skandia has also set its sights on expansion into mainland Europe.

Skandia International, a Skandia offshoot constituted independently since 1985 to deal mainly in reinsurance, has established a bridgehead in Europe by acquiring a 50 percent stake in Danish insurers Kgl Brand (Royal Chartered), laying the groundwork for a drive into other insurance-related areas, such as life insurance, pensions and savings.

Skandia has also forged a cross-shareholding with Finland's largest insurance group, Pohjola, and KOP by allowing the Finnish group to take a 15.8 percent holding in Skandia, which in turn is acquiring a 10 percent stake.

The KOP deal with Sweden's Gota hinges on the creation of a holding company — Proventus Nordic — to which a 38 percent stake is to be transferred from Gota by Swedish investment group Proventus which has a 44 percent holding in the Gota Group. KOP in turn is to acquire a 40 percent stake in the holding company, the remainder of which will be held by Proventus, which is acquiring a 2 percent stake in KOP.

The medium of two holding companies — Proventus Nordic and Proventus — was used because of current Swedish legislation forbidding the outright acquisition of Swedish bank stakes by foreign institutions. KOP has the option to raise its indirect stake in the Gota Group if and when Swedish banking laws are relaxed.

The cross-ownership reflects the concern felt by Swedish and Finnish bankers that they risk being left out in the cold, as a tide of mergers, cross-shareholdings and outright acquisitions sweeps Europe.

"The move represents the germ of a partnership, which could later grow to embrace other Nordic banks, particularly those in Norway and Denmark," one senior Swedish commercial banker said. By adding a Danish bank to the partnership, the Swedes and Finns would be gaining an important foothold in the EC as Denmark is the only Nordic member of the Community.

> Cross-ownership reflects concern about being left out in the cold.

The idea in itself is not new. In 1984, three Nordic banks, Sweden's Skandinaviska Enskilda Banken, Norway's Bergen Bank and the Union Bank of Finland, formed a joint banking group — Scandinavian Banking Partners — in subsidiaries operating retail services in Sweden and Norway. Together, the three banks, which were joined by Denmark's Privatbanken in 1986, still form the largest banking group in Scandinavia.

Under the terms of the pact, rather than forming subsidiaries in each of the four countries, the partners — through their combined branch network — offer customers faster money transfers and more efficient cash management services.

"In addition, customers have better access to credits in local currency than would have been the case if individual subsidiaries were set up," said an executive at one of the partner banks.

In addition, the Norwegian, Finnish and Danish participants have all taken small cross-holdings ranging from 3 to 6 percent in each other's equity. The sole exception is Skandinaviska Enskilda. As a Swedish bank, it is barred from having foreign shareholdings in its capital.

No such harsh banking legislation applies to Danish banks, which have a strategy of cautious expansion with the emphasis on building up their respective European profiles.

For example, Denmark's premier bank, Den Danske Bank, makes no secret of its determination to focus on Europe in the coming years.

Bendt Hansen, chief executive of Denmark's second-largest bank, Copenhagen Handelsbank, and the current chairman of the Danish Banking Association, sees the creation of partnerships with a limited degree of cross-ownership as the strategy that Danish banks should adopt when planning alliances in Europe.

In addition to its association with Scandinavian Banking Partners, which resulted in the opening of outlets in Helsinki and Stockholm last year, Privatbanken last autumn established an office in Milan, the first by a Danish bank in Italy. A Privatbanken executive said that cooperation among the partners will be expanded in the coming years, with the data processing and information systems of the four participants harmonized.

MICHAEL METCALFE, a journalist based in Copenhagen, is a correspondent for Business International.

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Economic Woes ■ *Market Reform*

Oil Brings Norway New Set of Problems

By Hilary Barnes

NORWAY has made considerable progress this year in tackling its two most serious economic imbalances, an enormous deficit on its current external account and inflation.

The price of the improvements has been rising unemployment and two years of falling domestic demand. Most economists expect a third year of decline in 1989.

The outlook is further clouded by the decline in oil prices, which are now well below the level for which the government had budgeted for this year and next.

Consumers, the financial services industry, domestic-market companies and two of the three Norwegian offshore oil companies are groaning under the pressures.

In the financial sector, high interest rates, falling demand for credit and heavy customer losses hit the banks, finance and insurance companies hard in 1987 and little improvement is in sight this year.

The country's two biggest banks, Den norske Creditbank and Christiania Bank, both made substantial losses in 1987. DnC may report a further loss this year, while Christiana hopes for a modest profit, but both expect heavy customer losses, spread over a wide range of risks and not mainly related to the oil sector, again.

Staff reductions in both the bank and insurance companies are being made to cut costs. But, in addition to cutting costs, the companies also need new equity capital. However, high interest rates and a sagging share market make the outlook unfavorable, which, some analysts fear, will perpetuate the banking crisis.

A tight fiscal policy and an even tighter monetary policy, with short-term interest rates at over 13 percent throughout this year, sent private consumption tumbling by 2.2 percent in 1987 and by about 3 percent this year. A further, but smaller decline is probable in 1989 as well.

Business investment also fell both last year and this year, and the most recent Bureau of Statistics investment trends survey points to a decline in manufacturing investment in 1989 of 15 to 20 percent in current prices.

A successful incomes policy, imposed last spring, has brought the increase in wage costs in manufacturing down to about 7 percent, while consumer prices increased by 6.8 percent over the year to July. Last year, after an ill-timed 2½-hour *cut in the working* week to 37.5 hours, wage costs increased by 16 percent.

The drop in domestic demand has coincided with strong export growth by the traditional industries, including fisheries, shipping and the basic metals industry. The trade deficit for the year was thus reduced from 6.8 billion kroner ($985 million) for the first half of 1987 to 0.9 billion kroner this year, excluding ships, although oil and gas exports fell by 11 percent to 24.5 billion kroner.

While some of the traditional export industries are doing well, most other sectors are suffering from the recession and falling oil prices.

Imports, which fell in volume terms by almost 7 percent in 1987, may fall slightly again this year and are expected to remain flat through 1989.

As exports of traditional goods, excluding oil, gas, ships and oil platforms, are buoyant, both the trade balance and the current account are looking healthier, with one proviso.

The establishment of a Norwegian International Ships Register in 1987 has meant a big bill for the import of ships, as Norwegian ships flying foreign flags have repatriated to the new register. Including ships, the current account deficit for the first five months increased from 6.1 billion kroner to 10.3 billion kroner; excluding ships, the deficit fell from 11.7 billion kroner to 8.1 billion kroner.

In the metals industry, Norway's two big producers, Elkem and Norsk Hydro, have cashed in on the boom in world metal prices.

Norsk Hydro, half state-owned, and heavily engaged in North Sea oil and gas as well petro-chemicals, light metals and fertilizers, of which it is Europe's biggest producer, made a rousing comeback this year after dipping into loss in 1986.

Not even a 226 million kroner loss by a Swiss aluminium trading subsidiary, Hydro Trading, could dent the first-half results. Earnings before allocations and tax were up from 2.80 billion kroner to 3.62 billion kroner on sales up from 27.46 billion to 29.98 billion. Earnings from oil and gas fell from 1.1 billion kroner to 700 million, but the light metals division increased profits from *0.630 million to 900 million* and the agro division from 390 million to 900 million.

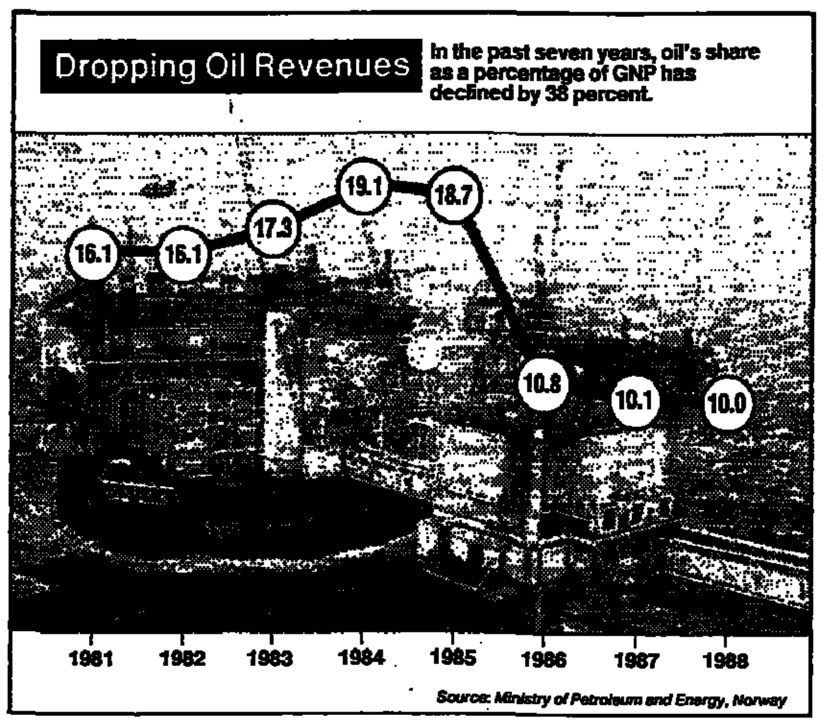
Elkem, a leading producer of noth aluminium and ferro-alloys, recovered from a first half operating loss in 1987 of 59 million kroner to a profit of 215 million.

After insisting since the early 1970s that the state must have a minimum 50 per cent stake in all oil and gas fields — and in most of the big fields the stake is much higher — the politicians are now so nervous about the risks they are running with taxpayers' money that consideration is being given to selling some of the state's oil and gas assets.

The state's own giant oil company, Statoil, saw its first half pretax profits fall from 4.3 billion kroner last year to 2.8 billion and it has asked the government to shore it up with a 3-million-kroner equity injection.

Norsk Hydro remains in good shape, but the third Norwegian oil company, Saga Petroleum, has just had to postpone, for the second time this year, the issue of a convertible bond. The group hoped to price the bonds at 200 kroner per share, but this is not feasible with a current share price of about 65 kroner.

Saga saw first half profits fall to 62 million kroner from last year's 253 million. Bank analysts in Norway predict a series of loss-years for the company at present oil prices, and the Saga's future as an independent company is in question.



Andy Sabbatini/International Herald Tribune

Oil and gas export income has fallen from *85 billion kroner in 1985 to a probable 55* billion kroner this year and government oil tax revenues from about 47 billion to 9 billion over the same period.

Even so, the inflationary pressures generated by the oil sector remain a key problem.

Offshore oil and gas sector investments this year will total about 33 billion, or more than twice manufacturing industry's investments. The development of new fields in the next few years ensure that investment will remain at least at this level or higher in the early 1990s.

Measures to curb oil sector investment, keeping it down to around 25 billion a year, were one of the main recommendations in a report published in August by a government-appointed committee of economists, who said that inflationary pressures threatened to lead Norway to a series of devaluations in the 1990s unless radical adjustments were made to economic policy.

Subsidies to industry and agriculture must be slashed, import restrictions lifted, public spending cut and unemployment allowed to rise, the economists said.

HILARY BARNES, a financial journalist based in Copenhagen, publishes a monthly report on business and economic developments in Scandinavia.

Swedish Credit Markets Face Total Restructuring

By Mats Hallvarsson

STOCKHOLM — Swedish credit markets are facing their biggest revolution in modern times. This summer, the Credit Market Committee presented 1,700 pages of a completely new legal framework for the country's financial markets. It will drastically alter the structure of the banking industry.

The Swedish financial market has long been one of the most restricted among the Western industrialized states. But since the Social Democrats returned to power in 1982, a deliberate liberalization has begun. During the last three or four years the change has gathered such a pace that the legal framework has become outdated and fresh patchwork legislation *has quickly* been surpassed by market developments.

Even some of the new rules in the committee's white paper seem to have been overtaken already by market creativity, which is perhaps not surprising after more than five years of work.

Jan. 1, 1990, is set as D-Day. At that time, every activity that is not explicitly forbidden will be permitted for the banks. This is possibly the most radical change, a breach of an old and much criticized principle that amounted to the very opposite: every activity that is not explicitly allowed is forbidden.

This new flexibility is welcomed by bankers who have seen important parts of their business lost to the rapidly expanding sector of finance companies and security firms.

Banks will be able to work as merchant banks through subsidiaries, so-called credit market companies. These are a new legal entity, replacing the old forms of finance companies and security firms. Thus banking concerns can take stakes in other companies for reconstruction, mergers and risky startups like venture capital business.

Through the same type of subsidiaries, banks also will have more extended possibilities to engage in more risky lending, which has been forbidden. They may compete in their own right on the leasing and factoring market. Until now, this has only been possible through subsidiaries.

This new freedom has delighted bankers and caused discontent among their competitors in finance companies and securities firms.

But the proposed legislation on the ownership of banks met with outright hostility.

The white paper proposed that the ownership of "big banks," defined as having equity of at least 1 billion kronor ($155 million), to be restricted to no more than 10 percent of the share capital while voting power will be limited to a maximum of 5 percent of the shares represented at the general assembly. This applies to one single owner or a consortium of owners. For smaller banks, the same percentage rules are set at 20 and 10 percent.

Three categories of owners are exceptions: the state, now in majority control of the third largest money center bank in Sweden, PKbanken; banks, which may have full control of other banks, and the bank industry association.

This is controversial because a handful of Swedish banks are tightly controlled by majority owners, like the fourth biggest banking group, Gotagruppen. Several owners will be forced to sell their holdings.

The proposal follows closely the committee's mandate from the government. The committee said that it is the best compromise between the risk of owner concentration and the need for strong owners to replace bad managements.

Related to the ownership questions are the new rules for so-called financial groups. This is another hotly disputed issue since the creation of the Gotagruppen two years ago. The group took the government by surprise with its creation of a holding company suddenly controlling three commercial banks.

A provisional law was hurried through, which will now be replaced by a permanent one allowing several banks to exist as subsidiaries under a holding company.

Another controversial question has been whether foreigners should be allowed to own Swedish banks. It is a problem with important implications for the future adoption of Swedish laws and regulations relating to the European Community. Reciprocity is eagerly promoted by the Swedish business community, which invests heavily in the EC, and Swedish banks await their turn.

It, therefore, was considered an important victory when the committee proposed to let foreign owners take control of up to 20 percent of the share capital, with the approval of the Bank Inspection Board for over 10 percent, and up to 10 percent of the total voting rights in banking companies, even if some think the limit is too low. But for credit market companies and securities firms the government is more generous; here, foreigners could own up to 100 percent.

Another of the committee's proposals brought an angry response. This would give insurance companies new rules for their portfolio activity. The current possibility of controlling up to 5 percent of the voting power in a company would be restricted by another rule stipulating that holdings may not surpass 10 percent of the share capital. Furthermore, the total book value of an insurance company's portfolio would be limited to 20 percent of total assets.

Restricted voting power for shares is the rule in Sweden. And, while awaiting another white paper, the insurance companies, bulging with customers' money to invest, are losing out in what is expected to be a good equity market for several years to come. The chief executive of the biggest insurance company, Skandia, Bjorn Wolrath, said that he had pondered obstructing the proposed law, and he has been backed by other insurance executives.

> The Swedish financial market has long been one of the most restricted among Western industrialized states.

Another topical problem for the financial market, and especially for the insurance companies, has been left out of the white paper. That is the blurring of borders between various market sectors, notably insurance and banking.

There is a clear tendency today to stray into a neighbor's yard, with banks selling insurance and insurance companies lending money, which is not foreseen in legislation.

No legislative initiative seems to be on its way, though there is much talk about so-called financial concerns where banks, securities firms, insurance companies and other forms of financial activity would be grouped under a holding company.

Several Swedish financial companies have lately taken holdings in Danish, Norwegian and Finnish financial companies to prepare a Nordic platform.

Thus the revolution set about in this summer's white paper is not a final one.

MATS HALLVARSSON is on the staff of Affärsvärlden, a Swedish business weekly.

Deficit, Foreign Debt Plague Denmark

By Christopher Follett

COPENHAGEN — The member of the European Community with the highest material standard of living and, paradoxically, the greatest foreign debt, Denmark is in the doldrums, facing another winter of economic discontent and political instability.

A recent report by the 24-nation Organization for Economic Cooperation and Development spelled out Denmark's dilemma clearly: The country must curb both government and consumer spending urgently to cut its growing current account deficit and foreign debt.

The level of Denmark's foreign debt, at 40 percent of gross domestic product or around $38 billion — $8,000 for every one of the country's 5 million population — has reached a magnitude which makes the reduction of the persistent external deficit the government's foremost concern, the OECD says, echoing the doomsday prophecies of most analysts.

Denmark has suffered a shortfall in its balance of payments for 25 consecutive years now and Danish official projections are that the economy will show no growth this year, after a 3.3 percent expansion last year.

Agricultural and industrial exports are flagging. Danish industry faces major problems of structure and competition as it adjusts to the single internal market that is due to eliminate trade barriers among EC states from 1992.

In the past two years, Denmark's export performance has weakened after a decade in which manufacturing exporters increased their share of world markets by a third in volume.

Soeren Krohn, economic director at the Federation of Danish Industry, which represents the 2,450 firms responsible for 85 percent of Denmark's total industrial production, attributes the decline in Danish industrial exports to slow international growth coupled with a deterioration in Danish competitiveness.

Government measures to boost industrial exports, worth about $150 million, took effect in January, with the aim of improving competitiveness by up to 10 percent, creating 50,000 jobs and easing tax regulations for export industries. But many experts feel the package is not far-reaching enough.

DANISH industry, predominantly made up of small concerns, exports 60 percent of its production and 70 percent of all exports are industrial, followed by food and beverages, chemical products, furniture and textiles.

"The central problem facing Danish industry, far overshadowing the need for restructuring, is our export competitiveness," Mr. Krohn said. "This problem is so acute that it can only improve in the coming decade. Essentially we must be competitive to survive, it is insufficient just to be small and beautiful.

"Danes do not basically believe in state intervention and subsidies for dying industries. We believe in the right to go bankrupt as the only way to ensure a healthy industry," he said.

Turning to agriculture, the situation looks similarly bleak.

All in all, 25 percent of Denmark's exports derive from the agricultural sector, yet the government was forced this summer to take emergency measures to help farmers hit by debt, falling prices and stagnant exports.

The package provides more than $150 million of state aid next year to ease the $3 billion of debt owed by more than 16,000 of Denmark's 90,000 farmers.

Apart from falling exports and prices and the sector's grave interest debt problems, the two major challenges facing Danish agriculture are reforms to EC's Common Agricultural Policy, with its curbs on farm production, and ambitious government anti-pollution programs designed to stop the seepage of agricultural fertilizers into Denmark's inshore and offshore waters.

"I nonetheless see the current crisis in Danish agriculture as a temporary phenomenon," said Hans Kjeldsen, president of Denmark's Agricultural Council, the umbrella body grouping all the country's farming organizations. "In the next century, I foresee European farm production trebling from its present level as Third World nations become more industrialized and demand for food products from fertile, efficient farming countries like Denmark increases."

No fewer than four tough eco*nomic austerity packages within* the past three years have failed to right Denmark's economic plight, or lessen the average Dane's high income tax burden — the highest in the EC.

Most Danes pay between 50 and 68 percent of their income in direct taxes, partly to support the country's streamlined cradle-to-grave welfare system.

The writing could be on the wall for the hitherto sacrosanct welfare system as Denmark's state budget for 1989, published recently and due for parliamentary approval this autumn, calls for $1.5 billion of fresh public expenditure cuts.

With taxation such a volatile issue, the creation of the single European market in 1992 will pose agonizing problems of assimilation for Denmark.

CHRISTOPHER FOLLETT, a Copenhagen-based journalist, works for The Times of London and Danish State Radio's English-language news service.

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Bourse

Continued from page 11

Nordic capitals are following suit in developing electronic systems.

"Theoretically you can transmit trading orders from European investors to Stockholm, but because of foreign exchange regulations, you have to go through a Swedish broker, so you cannot have straight computer trading in the near future, and there is nothing we, the exchange, can do," Mr. Vindevaag said. He added, however, that he, like many other market analysts, believes Sweden's foreign exchange restrictions on portfolio investment will be lifted.

Another important step, already under implementation, is the elimination of physical stock certificate delivery from Sweden's central Securities Registry, in favor of an electronic system.

Mr. Vindevaag believes that together with the start up of the Stockholm Automated Exchange computer system for trading next year, costs will be reduced for dealing with foreign customers, since they will no longer have to set up deposit accounts for physical certificates. Settlement will also be reduced to two days from the present five, although the actual transactions could be done in real time.

"Two days is something to allow the buyer to look at financing options, such as whether to pay cash, sell other securities, or borrow to make payment," he says.

"Modern computer networks will allow you to create an electronic market without killing any of the national submarkets. You would still trade Swedish equities in Stockholm, but these would be easily available in Copenhagen and Helsinki," Mr. Vindevaag adds. "This is the notion of a common market, rather than a common exchange."

JURIS KAZA, a journalist based in Stockholm, is regular contributor to the International Herald Tribune.

Application will be made to the Council of The Stock Exchange for up to 698,841 new free A-shares of FIM 20 each in Amer Group Ltd to be admitted to the Official list.

AMER GROUP LTD

Share Issue 26th September to 28th October 1988
Notice to holders of free A-shares

Terms of Issue

At the Annual General Meeting of the Company held on 22nd June 1988, the shareholders resolved to authorise the Directors, for a period of one year from that date, to increase the Company's share capital by a maximum of FIM 80 million.

Pursuant to this authority, the Directors at a Board Meeting held on 12th September 1988 have resolved to increase the share capital of the Company by issuing new shares, each with a nominal value of FIM 20, on the following basis:

i) by a rights issue to holders of K-shares, A-shares and holders of warrants attached to the 5½% Bonds due 1994 issued in May 1987, on a one for five basis, increasing the share capital by up to FIM 61,846,560 by the issue of up to 3,092,328 new A-shares at FIM 90 per share. However, if less than 2,200,000 new A-shares are subscribed, the rights issue shall lapse; and

ii) by an issue to employees increasing the share capital by 18th December 1988 FIM 3,000,000 by the issue of 150,000 new A-shares at FIM 100 per share.

Fractions of New Shares

Coupons representing fractions of new shares should either be sold or increased to a multiple of five coupons by the purchase of additional coupons during the subscription period otherwise coupons representing fractions of new shares will be disregarded by the Company and entitlements to new shares will be rounded down to the nearest new share.

Rights Issue

(a) SUBSCRIPTION

The entitlement to participate in the rights issue is evidenced by Coupon No 10 affixed to each free A-share certificate. Each shareholder should arrange for Coupon 10 to be presented at any branch of Kansallis-Osake-Pankki in Finland between 26th September and 28th October 1988. Upon presentation, Coupon No 10 will be surrendered in return for the issue of a rights issue interim certificate. Dealings in Coupon No 10 nil paid will commence on the Helsinki Stock Exchange on 26th September 1988 and will close on 21st October 1988.

Dealings in the rights issue interim certificate fully paid will commence on the Helsinki Stock Exchange on 16th December 1988 and will close immediately prior to the next Annual General Meeting of the Company which is expected to take place in June 1989. No dealings in the rights issue interim certificate nil paid will take place.

(b) PAYMENT

Payment should be made in FIM by one instalment not later than 15th December 1988 at any branch of Kansallis-Osake-Pankki in Finland. Interest will be paid at a rate of 11% per annum on payments received on or before 30th November 1988 for the period from payment to 15th December 1988. If payment is not made by 15th December 1988 the Directors will have recourse to certain remedies including charging interest at the rate of 16% per annum for the period from 15th December 1988 to the date on which payment is received by the Company.

(c) DOCUMENTS

Upon payment, interim certificates will be receipted by Kansallis-Osake-Pankki and returned to the coupon holder.

Issue to Employees

Simultaneously with the rights issue the Company is offering up to 3,000,000 new A-shares to its employees, pensioners and Directors. Employees who are U.S. persons or Canadian persons or who are located in the United States or Canada are not eligible to subscribe for shares to be issued by way of the issue to employees.

Dealings on The Stock Exchange

Dealings on The Stock Exchange are expected to be as follows:
(i) Coupon No 10 (nil paid) – commence 26th September 1988 and close on 21st October 1988;
(ii) rights issue interim certificate (fully paid) – commence 16th December 1988 and close immediately prior to the next Annual General Meeting of the Company (see above).

Subscription Restrictions

The Company's new free A-shares have not been, and will not be, registered under the United States Securities Act of 1933. The new free A-shares may not be offered or sold, directly or indirectly, in the United States or to U.S. persons.

The new free A-shares may not be offered or sold, directly or indirectly, in Canada or to Canadian persons.

Under Finnish law and the Company's Articles of Association, the Company's restricted A-shares may be held only by Finnish persons.

Reference should be made to the Extel Card and brochure referred to below for additional information concerning subscription and related restrictions.

Definitive Documents of Title

It is expected that the new free A-shares issued pursuant to the rights issue will be registered with the Finnish Patent and Registration Office before the end of February 1989 and that new definitive share certificates will be issued in respect of the issue to employees and in exchange for the rights issue interim certificates at a time to be announced by the Directors, which is expected to be at the end of March 1989.

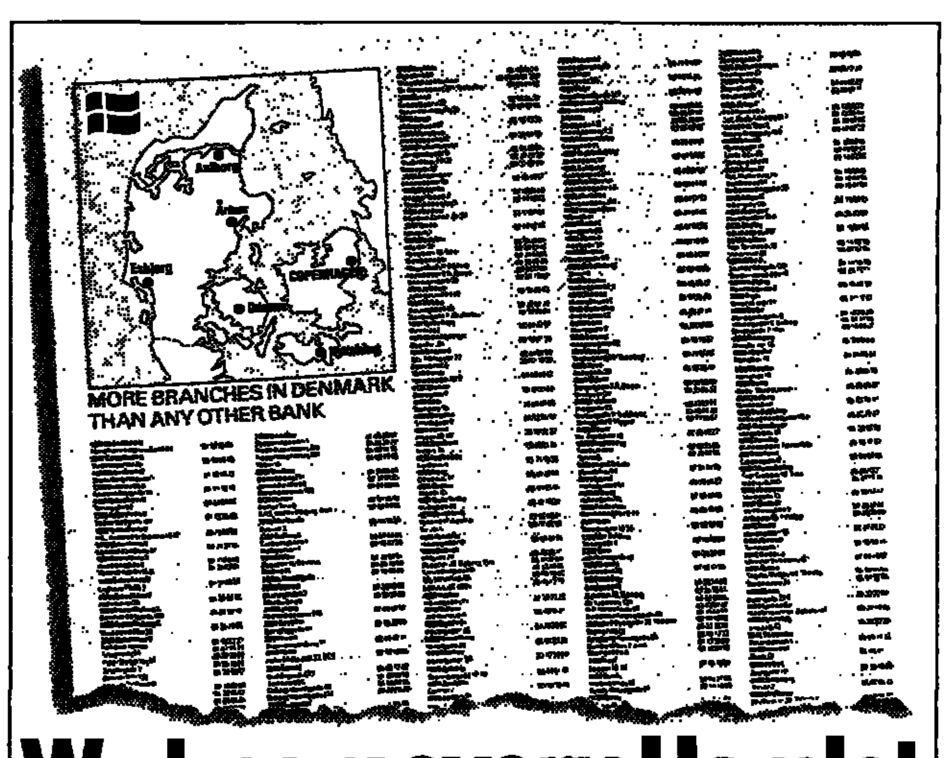
Extel Card

Particulars relating to the Company will be available in the Extel statistical services. A copy of the Extel Card, which comprises listing particulars required by the Financial Services Act 1986, will be delivered for registration on 22nd September to the Registrar of Companies, and together with brochure "Share Issue 26th September to 28th October 1988" prepared by the Company will be available free to shareholders from Coopers & Lybrand, Plumtree Court, London EC4A 4HT from 26th September 1988.

Any shareholder who is in doubt as to the action to be taken should contact his professional adviser or the Company at Mäkelänkatu 91, PO Box 130, SF 00601, Helsinki, Finland for the attention of Seppo Salminen, Group Executive Vice-President, Chief Financial Officer. Telephone: +358-0-75771.

12th September 1988, Helsinki, Finland.

The contents of this advertisement have been approved for the purposes of section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



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Singapore Branch:
6 Battery Road, Singapore 0104.
Japan, Representative Office:
Imperial Tower, Tokyo 100.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
SoestBk	35978	23¾	23⅜	23¾	+ ⅜
BellAtl	29717	70½	70⅛	70⅜	— ⅛
CmwE	27443	30⅜	30	30¼	+ ¼
BestPd	26534	19½	18⅛	18⅝	+3⅜
Kroger	19019	56⅝	55⅞	56½	+ ⅜
TW Svc	17866	25½	24⅝	24⅞	+1¼
Salomn	17620	26⅛	25¼	25⅝	
Baxter	14645	18	17⅝	17⅞	— ⅛
K mart	13643	38¾	38	38¼	—1¼
ICA	13406	11⅜	10½	11	— ⅜
Gould	13373	22⅞	21¾	22⅛	— ⅜
AT&T	11271	26¼	26	26⅛	
CentEn	10923	13⅛	12⅞	13	
Xerox	10900	56⅜	55⅝	56⅜	+1⅛
Glaxo	10455	17⅝	17⅜	17⅜	— ¼

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	88.88	—0.03
Utilities	88.38	—0.31
Industrials	89.38	+0.24

Market Sales

NYSE 4 p.m. volume	116,420,000
NYSE prev. cons. close	172,079,870
Amex 4 p.m. volume	6,480,000
Amex prev. cons. close	10,020,800
OTC 4 p.m. volume	92,752,700
OTC prev. 4 p.m. volume	141,371,600
NYSE volume up	40,849,000
NYSE volume down	52,500,300
Amex volume up	2,393,600
Amex volume down	2,856,900
OTC volume up	21,176,516
OTC volume down	43,330,600

NYSE Diary

	Close	Prev.
Advanced	550	744
Declined	844	681
Unchanged	534	545
Total Issues	1928	1970
New Highs	21	21
New Lows	12	16

NYSE Index

	High	Low	Close	Ch'ge
Composite	152.33	151.85	151.96	—0.42
Industrials	183.18	182.66	182.71	—0.48
Transp.	138.55	138.22	138.55	+0.32
Utilities	72.06	71.97	72.06	—0.21
Finance	133.80	133.42	133.42	—0.60

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Sept. 23	198,213	464,952	9,191
Sept. 22	201,164	554,546	54,783
Sept. 21	194,817	438,882	16,958
Sept. 20	247,997	501,295	2,385
Sept. 19	224,440	673,374	88,928
Sept. 16	254,229	634,767	33,475

*Included in the sales figures

Monday's NYSE Closing

Via The Associated Press

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2087.30	2098.33	2075.75	2085.17	— 5.51
Trans	892.03	898.30	884.56	891.73	— 0.49
Util	179.29	180.30	178.28	179.35	— 0.36
Comp	784.78	789.36	779.78	784.29	— 1.55

AMEX Diary

	Close	Prev.
Advanced	245	270
Declined	302	275
Unchanged	259	325
Total Issues	806	870
New Highs	5	10
New Lows	11	12

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	309.62	308.12	308.40	—1.00
Transp.	213.44	211.88	213.24	+0.36
Utilities	110.06	109.50	109.84	—0.22
Finance	26.01	25.82	25.84	—0.17
SP 500	269.80	268.61	268.88	—0.88
SP 100	—	—	254.20	—1.06

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	382.75	—2.23	383.44	442.29
Industrials	383.64	—3.24	389.56	473.94
Finance	468.83	—1.62	468.61	517.27
Banks	453.59	—0.96	451.93	487.55
Insurance	430.34	—2.30	431.27	451.27
Utilities	459.37	—0.82	457.77	424.84
Transp.	383.68	+2.43	376.76	417.11

NASDAQ Diary

	Close	Prev.
Advanced	757	1,111
Declined	1,182	886
Unchanged	2,456	2,597
Total Issues	4,395	4,594

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Amdhl s	3401	19⅜	18⅞	18⅞	— ⅜
WangB	3171	9¼	9	9¼	+ ⅛
HmHar	3001	8½	7¾	7⅞	— ⅜
Lionel	2447	4⅞	4½	4⅞	+ ⅜
EchoBy	2174	16¾	16½	16½	
MSI Dt s	2142	18⅝	18¼	18½	+1½
TexAir	2004	13	12⅝	12⅞	— ⅛
T2 Md n	1943	11	10¼	10⅞	— ⅛
BAT	1780	7¼	7⅛	7⅛	— ⅛
Cablvsn	1153	33¾	33⅝	33⅝	— ⅜
IntTlch	1153	7	6½	6⅞	+ ⅛
NY Time	1050	28	27⅝	27⅞	+ ⅛
Gundle s	910	25⅞	24⅞	25⅝	+ ¾
FAusPr	898	9⅛	9	9⅛	+ ⅛
SterlSft	881	6⅞	6½	6⅝	+ ⅛

AMEX Stock Index

High	Low	Close	Ch'ge
290.80	290.00	298.74	—0.37

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Eases in Slow Trading

United Press International

NEW YORK — Prices on the New York Stock Exchange pulled back Monday in quiet trading, reflecting continued weakness in the bond market and a lack of buying interest.

The Dow Jones industrial average, which had fallen 7.47 points last week, dropped 5.51 to close at 2,085.17.

Declines led advances by about an 8-5 ratio. Volume slowed to 116.42 million from 145.1 million traded Friday.

Broader market indexes also slipped. The NYSE composite index fell 0.42 to 151.96. Standard & Poor's 500-stock index fell 0.88 to 268.88. The price of an average share lost 9 cents.

"This was a very dull market but not necessarily a bad market," said Trude Latimer, a market analyst with Josephthal & Co. in New York.

"There was no selling pressure, but there was also very little interest," she said. "What we have to do is get the broad market to a level that is considered cheap on a short-term basis.

"If we pull back to, say, 2,040 or 2,050 and hold, we could get a trading rally of 100 points. The market has to be viewed as having enough upside potential to be considered a good investment."

"There was a hope over the weekend that maybe something would surface from the debate," said Hugh Johnson, head of the investment policy committee at First Albany Corp., in reference to the Sunday night campaign debate between Vice President George Bush and Governor Michael S. Dukakis of Massachusetts.

"But from an investors' point of view, the debate was seen as a tossup, with little to push the scale in either direction," he said.

"Going beyond politics, the focus remains on the bond market. And while the bond market is holding its own, there is some concern as to why it is not responding to sharp declines in commodity prices," Mr. Johnson said.

He said the stock market remained stuck in a narrow trading range and should remain "fairly directionless" before the September unemployment report, set for release Friday, Oct. 7.

"There is a growing recognition that August was a slow month for the economy but that the economy rebounded in September," Mr. Johnson said. "The August slowdown raised hopes that the Federal Reserve Board had been given an opportunity to back off, to ease policy.

"Those hopes have been replaced by concerns that the Fed policy will remain tough. The chances of an easier Fed policy now seem somewhat remote," he said.

Southeast Banking Corp. was the most active issue, up ⅜ to 23¾. Bell Atlantic, ex-dividend, followed, down ⅛ to 70⅜.

Commonwealth Edison, ex-dividend, was third, up ¼ to 30¼.

Best Products jumped 3⅜ to 18⅝, after the company announced its board was considering the sale of the company.

AT&T, ex-dividend, was unchanged at 26⅛. IBM fell ⅜ to 112¼.

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(Continued on next left-hand page)

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International Herald Tribune
BUSINESS / FINANCE
TUESDAY, SEPTEMBER 27, 1988

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INTERNATIONAL STOCK MARKETS

Tumbling Gold Prices Put Mining Companies to Test

By PAUL SILLITOE
International Herald Tribune

PARIS — Good news on the outlook for inflation and exchange rates is usually bad news for the price of gold, the traditional inflation hedge. And bad news for gold is bad news for gold mining stocks, many of which are still rated to reflect a bull market in gold that some analysts believe has come to a resounding end.

Gold bullion tumbled below $390 an ounce in London on Monday, trading as low as $387.625, its lowest price since December 1986. It recovered later, with the New York spot price closing at $395.20. Analysts' views vary, but many think gold could be headed for $360 or below before it meets sufficient support to generate a sustainable rebound.

Others said that gold has entered a protracted bear market.

'If the price of gold goes down much further, we will have to look at all of our operations.'

A stream of economic indicators over the past two months appears to have put to rest fears among investors — if not economists — of a resurgence of inflation in the United States and other major industrialized countries.

The dollar, whose fluctuations generally lead to a contrary movement in the gold price, would seem to be underpinned at its present relatively high levels by the weekend agreement of the Group of Seven industrialized nations to preserve stable exchange rates — at least until a new U.S. administration is in charge and policies on the huge American external deficits are clearer.

All of which, even ignoring the view that gold was overdue for a decline, bodes ill for gold miners.

The older established mining companies in South Africa, the world's biggest gold producer, and North America, are for the most part locked in to expensive deep-underground mining and extraction methods. South African mines have an average production cost of about $240 an ounce, noted Julian Baring of James Capel & Co., the London brokerage.

MANY ARE much higher. Some South African miners' costs are well above $300 an ounce. Homestake Mining Co., based in San Francisco, has an average production cost of $304 an ounce, among the highest in the industry. Stephanie K. Kushner, manager of financial services for Homestake, told The New York Times, "If the price of gold goes down much further, we will have to look at all of our operations on a case-by-case basis."

"Every time the price of gold goes down by one dollar, it affects our pretax profits by $800,000 on an annualized basis," she said. "The impact is felt directly on our bottom line."

William Pass, manager of finance for U.S. Gold Corp., said "the price movement over the week has definitely been a concern." He noted that "well-run companies can make money in the $400-an-ounce range, but if it gets much lower, it's going to shake out the high-cost producers."

By contrast, new mining operations in North America and Australia, many of which extract ore from huge open-cast mines and process it with modern chemical-based methods, can keep costs down to around $200 an ounce, said analysts in London.

Graham Birch, analyst at Kleinwort Grieveson Securities, is "very cautious" on gold stocks, pointing out that, as a rule of thumb, a 1 percent movement in the bullion price translates into a 3 percent movement in miners' operating profits.

Other factors aside, this implies that a fall in the gold price to around $360 an ounce could see a decline in gold stocks of as much as 30 percent.

The cost factor is critical. Kloof Gold, a low-cost South African producer, was quoted Monday at $7.8125 on the London

See STOCKS, Page 17

EC Signs Pact With Hungary

Ambitious Accord To Widen Trade

Agence France-Presse

BRUSSELS — The European Community and Hungary signed a 10-year agreement on Monday that established the most ambitious trade accord ever between the community and an Eastern European country.

The trade and cooperation agreement calls for the lifting of quota restrictions against Hungarian exports to the European Community in three stages by 1995. In exchange, Hungary has pledged to broaden access to its market for EC products and curb its widespread use of barter.

The deal was made possible by the formal recognition agreement in July between the EC and the Council for Mutual Economic Assistance, or Comecon, which is the Warsaw Pact trade organization.

Trade Minister Jozsef Marjai of Hungary, who is also deputy prime minister, said the accord would help Hungary's efforts to make "radical adjustments to its economic structures" and carry out a reform of its political institutions.

Since the two trade organizations recognized each other, after 15 years of sporadic negotiations, most of the Comecon countries have requested formal diplomatic links with the European Community and initiated talks for trade agreements.

According to EC sources, an accord with Czechoslovakia is nearly ready, and talks have been held with Bulgaria and Poland.

Under the new pact, Hungary would enjoy the same customs status as most members of the General Agreement on Tariffs and Trade.

The European Community's quota restrictions, currently covering about 2,000 items, would be lifted in three phases: within one year for the least sensitive items, by 1992 for most of the remainder, and by 1996 for the most sensitive goods, which include textiles, polymers, glass and color televisions.

A spokesman for the European Commission, the EC executive branch, said the pact was the most ambitious envisaged for the Eastern nations because Hungary's economic structure reflects that of Western Europe more closely than any other Comecon country.

USA Today Growth Curve Flattens

Gannett's Flagship Unlikely to Make Profit This Year

By Paul Farhi
Washington Post Service

WASHINGTON — If it were writing the story of its own recent fortunes, USA Today might say of itself: "We're losing our Luster."

USA Today, still colorful and chirpy but no longer the trendsetter, has found that its circulation growth has slowed, falling far short of the initial expectations of its parent company, Gannett Co. Advertising also has stalled, dropping 4 percent through the first half of 1988, reflecting an industrywide slowdown. A profit seems out of the question this year.

These setbacks come at an important juncture for the publication that calls itself "The Nation's Newspaper" and for the company, which invested hundreds of millions of dollars to create the publication. As USA Today emerges from infancy, it no longer can count on the fast growth experienced during the introduction into new markets that began Sept. 15, 1982.

Instead, with the newspaper now available across the United States, Gannett must find a way to sustain the excitement USA Today created and make it a regular habit with its readers, who are legion but not always loyal.

This may prove difficult because Gannett, headquartered in Rosslyn, Virginia, seems to be making less of a splash these days. Gannett, the largest American newspaper chain, with $3.1 billion in revenue in 1987, has produced profits with machine-like regularity, recording higher earnings in each of 83 quarters since going public in 1967.

Gannett has maintained this remarkable streak even while absorbing the losses of its nationwide newspaper and spending $1.2 billion to buy publications in Detroit, Louisville, Kentucky, and Des Moines, Iowa, during 1985 and 1986.

But even with these investments, the company has been pressed to keep up with the growth of the rest of the newspaper industry. Without the benefit of tax-law changes and a nonrecurring gain from the sale of a block of stock it owned in Cowles Media, Gannett's 21 percent increase in first-half net income would have been cut to pedestrian levels. The company's stock has been edging upward.

See GANNETT, Page 17

Ron Edmonds/The Associated Press
Allen H. Neuharth, 64, Gannett's chairman, is expected to retire on April 1 and to be replaced by John J. Curley, 49.

Poor Television Reception

By Peter J. Boyer
New York Times Service

NEW YORK — In the months before its first broadcast, "USA Today: the Television Show" drew widespread attention and high expectations.

But after two weeks on the air, the flashy show, which has cost $40 million, is subject to scorn and predictions of imminent demise.

Ratings are so disastrous that an overhaul already is under way, while some stations are looking around for replacement shows.

"It needs to be much more compelling than it is," said Steven Antoniotti, vice president of broadcasting at WJBK-TV in Detroit, which broadcasts the show. "I have the sense of, if I miss it, so what?"

Richard Lobo, general manager of WTVJ in Miami, which also bought "USA Today" and shows it after the "CBS Evening News," said the news attracts about 16 percent of the available audience, and "USA Today" has been able to hold on to only half of that.

"It started out with mediocre numbers and went downhill," he said.

The half-hour program is a fast-paced assemblage of features, drawn from the spirit of the newspaper but without the news.

At GTG Entertainment, the TV company formed by the producer Grant Tinker and Gannett Co., the mood is more sanguine. Mr. Tinker said the show is getting better every day.

"We've slowed the pace down," Mr. Tinker said. "We're doing fewer pieces, longer and more substantial pieces, aimed at leaving the viewer with a little something sticking to his ribs — not that rat-a-tat-tat we had to begin with."

Dollar Braked By Banks After G-7 Statement

Compiled by Our Staff From Dispatches

NEW YORK — The dollar ended mostly firmer Monday, but well below its highs of the day after central banks moved swiftly to brake a rise in the currency.

The foreign exchange market had shown little reaction to a communiqué issued Saturday by the Group of Seven industrialized nations, in which they reaffirmed their commitment to stabilize exchange rates but omitted a specific mention of the dollar.

But a remark by a senior West German monetary official on Monday encouraged the market to test the dollar's ability to rise.

The dollar rose to 1.8805 Deutsche marks, up slightly from 1.8748 on Friday, and it climbed to 134.475 yen from 134.375.

The U.S. currency reached 1.5905 Swiss francs, compared with 1.5830, and 6.3990 French francs against 6.3880.

The British pound edged to up $1.6733 from $1.6710.

The initial strength of the dollar was spurred by comments by Hans Tietmeyer, a West German state secretary and one of the country's most influential financial officials, who said he saw no reason for central bank intervention at this time.

A senior dealer in New York said that the market latched on to the statement as if it were "a green light," and the dollar rose quickly as a result, pushing it close to 1.89 DM.

But as the dollar peaked in the afternoon, the U.S. Federal Reserve System and the central banks of West Germany, Britain, France, Switzerland, Italy and Austria intervened in the markets, dealers said.

Despite the dollar sell-off, the U.S. currency still closed higher on most markets compared with Friday.

"The communiqué did not contain any clues to interpret the dollar's desirable levels, and this gave a chance for the markets to test the dollar's upward potential," a dealer in London said.

Dealers said that the remarks encouraged speculation by those who wanted to test the area likely to be identified by the central banks as a ceiling for the dollar.

The meeting of the Group of Seven — which includes the United States, Japan, West Germany, France, Britain, Italy and Canada — preceded the annual meeting of the International Monetary Fund and World Bank in Berlin, which begins Tuesday.

In earlier London trading, the dollar rose to 1.8828 DM from 1.8746 on Friday, and it climbed slightly to 134.65 yen from 134.43.

The U.S. currency closed at 1.5935 Swiss francs, up from 1.5840, and at 6.4080 French francs, compared with 6.3875.

The British pound fell to $1.6660 from $1.6715. But it rose to 3.1393 DM from 3.1343.

The pound was subdued by nervousness in advance of British trade and current account data for August, due to be published on Tuesday. Both are expected to show a large deficit.

Because the central banks inter-

See DOLLAR, Page 19

Recession In U.S. Seen By 1990

The Associated Press

WASHINGTON — The U.S. economy is expected to slow in 1989 but probably will not topple into a recession before 1990, corporate economists predicted in a poll released Monday.

The latest quarterly survey of the National Association of Business Economists found that 60 economic advisers to large U.S. businesses were substantially more optimistic about 1988 and more sanguine about next year than three months ago.

In May, 57 percent of the economists said the current expansion, now nearly six years old, would end in 1989. However, in a survey taken in late August and early September, that view was held by a smaller, though still substantial, 47 percent of the panel.

Forty-two percent of the economists said they believed the next recession would come in 1990, and 11 percent predicted a downturn in 1991 or later.

"For business economists, a group often accused of an inability to reach agreement on anything, the

See ECONOMY, Page 19

Currency Rates

Cross Rates

Sept. 26

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.1295	3.536	1.1274	0.3313	0.1513 *	—	5.38 *	1.3301	1.579 *
Brussels(a)	39.575	65.71	20.9485	6.155	2.81 *	18.583	—	24.771	0.2935
Frankfurt	1.8892	3.138	—	0.2939	0.1342 *	0.8871	4.774 *	1.1824	1.40 *
London (b)	1.666	—	3.1393	10.682	2,339.50	3.538	65.755	2.6558	224.325
Milan	1,408.15	2,339.10	745.63	219.13	—	661.40	35.593	880.95	10.423
New York(c)	—	1.6733 b	1.8805	6.399	1,401.50	2.121	39.39	1.5905	134.475
Paris	6.43	10.674	3.403	—	0.4564 *	3.0183	0.1624	4.0231	4.7618 *
Tokyo	134.75	224.36	71.68	21.09	0.964	63.56	3.4305	84.88	—
Zurich	1.593	2.6486	0.846	0.2485	0.1134 *	0.7504	4.0388 *	—	1.1827 *
1 ECU	1.0998	0.6611	2.0725	7.0538	1,544.61	2.3365	43.4211	1.7541	148.214
1 SDR	1.2859	0.7742	2.4293	8.2684	1,807.39	N.Q.	50.8899	2.0542	173.276

Closings in London, Tokyo and Zurich, fixings in other centers, New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	12.00	Fin. markka	4.445	Mex. peso	2284.00	S. Afr. rand	2.4715
Austral. $	1.2812	Greek drac.	152.60	N. Zealand $	1.624	Soviet ruble*	0.629
Austr. schil.	13.25	Hong Kong $	7.813	Nig. naira*	4.1333	Span. peseta	124.98
Belg. fin. fr.	39.46	Indian rupee	14.64	Norw. krone	6.945	Swed. krona	6.459
Brazil cruz.	340.79	Indo. rupiah	1701.00	Phil. peso	21.30	Taiwan $	28.60
Canadian $	1.22	Irish £	0.7017	Port. escudo	155.10	Thai baht*	25.495
Chinese yuan*	3.7221	Israeli shek.	1.6415	Saudi riyal*	3.7507	Turkish lira	1621.34
Danish krone	7.22	Kuwaiti dinar*	0.2885	Sing. $	2.0385	UAE dirham*	3.6729
Egypt. pound	2.3129	Malay. ring.*	2.675	S. Kor. won	717.30	Venez. boliv.	36.308

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6669	1.6616	1.6569	Canadian dollar	1.2218	1.2241	1.2311
Japanese yen	134.20	133.80	133.42	Swiss franc	1.5848	1.5780	1.5719
Deutsche mark	1.8764	1.8710	1.8658				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits

Sept. 26

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8 5/16-8 7/16	4 11/16-4 13/16	3 5/16-3 7/16	11 11/16-11 13/16	7 1/2-7 5/8	5 1/8-5 1/4	7 3/8-7 1/2	7
2 months	8 3/8-8 1/2	4 13/16-4 15/16	3 1/4-3 3/8	11 13/16-11 15/16	7 5/8-7 3/4	4 15/16-5 1/16	7 7/16-7 9/16	7 1/8
3 months	8 1/4-8 3/8	4 15/16-5	3 5/16-3 7/16	12-12 1/8	7 3/4-7 7/8	4 15/16-5 1/16	7 1/2-7 5/8	7 1/8
6 months	8 1/2-8 5/8	5 1/8-5 1/4	3 1/2-3 5/8	12 1/8-12 1/4	8-8 1/8	4 15/16-5 1/16	7 11/16-7 13/16	7 1/4
1 year	8 11/16-8 13/16	5 1/4-5 3/8	3 11/16-3 13/16	12 3/16-12 5/16	8 1/4-8 3/8	4 15/16-5 1/16	7 3/4-7 7/8	7 5/16

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates Sept. 26

	Close	Prev.
United States		
Discount rate	6 1/2	6 1/2
Prime rate	10.00	10.00
Federal funds	8 5/16	8 1/4
Com paper 90-179 days	7.82	7.80
3-month Treasury bills	7.34	7.22
6-month Treasury bills	7.50	7.43
1-month CD's	7.80	7.70
3-month CD's	7.85	7.80
Japan		
Discount rate	2 1/2	2 1/2
Call money	4.00	3 7/8
1-month interbank	4 1/4	4 1/4
3-month interbank	4 1/4	4 1/4
West Germany		
Discount rate	3 1/2	3 1/2
Lombard rate	5.00	5.00
Overnight rate	4.80	4.80
1-month interbank	4.85	4.85
3-month interbank	3.95	4.95
6-month interbank	5.20	5.20
Britain		
Bank base rate	12.00	12.00
Call money	10 3/4	11 5/8
3-month interbank	12 1/16	12 1/8
6-month interbank	12 1/8	12 5/16
France		
Intervention rate	7.00	7.00
Call money	7 7/16	7 3/16
1-month interbank	7 9/16	7 9/16
3-month interbank	7 3/4	7 3/4
6-month interbank	8.00	8.00

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Sept. 26

1 month	8 5/16 - 8 7/16
2 months	8 3/8 - 8 1/2
3 months	8 1/4 - 8 3/8
6 months	8 1/2 - 8 5/8
1 year	8 3/4 - 8 7/8

Source: Reuters.

U.S. Money Market Funds

Sept. 26

Merrill Lynch Ready Assets
30-day average yield: 7.72
Telerate Interest Rate Index: 8.045
Source: Merrill Lynch, Telerate.

Gold

Sept. 26

	A.M.	P.M.	Ch'ge
Hong Kong	—	Clsd.	—
Luxembourg	389.00	—	— 9.05
Paris (12.5 kilo)	391.57	391.51	— 9.02
Zurich	388.75	394.75	— 5.75
London	389.05	395.20	— 4.00
New York	—	395.15	+ 1.15

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

U.S.-Soviet Ventures: Sizzle, but Little High Tech

By Milt Freudenheim
New York Times Service

NEW YORK — The Soviet Union has invited Western capitalists to help modernize its moribund economy, but the ventures seem to be producing more fast-food sizzle than high-stakes technology, Soviet and U.S. officials said.

Only four or five U.S. companies have signed venture agreements, according to Amtorg, the Soviet trading company based in New York. Among them are fast-food restaurants that will add little to Soviet industrial might.

"They want to bring in Western equipment and machinery to make some of the products they have been importing," said Val Zabijaka, an expert on Soviet trade at the U.S. Commerce Department. "They got mainly small deals. The publicity is way ahead of the deals."

U.S. and Canadian companies signed two such accords last week.

Under the first, a quick-printing and copying shop will be opened on Gorky Street, a main shopping avenue in Moscow. Another shop will be located in the Moscow Expo Center, which serves foreign companies.

The second is for shops in hotels that will sell souvenirs, computer and audio-visual equipment, advertising and printing services.

The number of U.S.-Soviet ventures may double soon, to eight or 10.

"I know of four or five United States companies that are close to signing agreements," said an Amtorg employee, who declined to be identified. "About 50 agreements are in different stages of negotiations with United States companies."

Some U.S.-Soviet ventures will provide technology. Combustion Engineering Inc., based in Stamford, Connecticut, will help modernize oil and petrochemical plants. Honeywell Inc. of Minneapolis will provide computerized controls to operate fertilizer plants.

Occidental Petroleum Corp. has joined in a consortium with Italian and Japanese companies to build a Soviet petrochemical plant near the Caspian Sea.

But other ventures are more consumer-oriented. Pepsico Inc. has a deal with a Moscow city agency to open two Pizza Hut restaurants. McDonald's Restaurants of Canada Ltd., the Toronto-based unit of McDonald's Corp., is planning to open a Moscow restaurant.

In the printing shop deal, Phargo Management & Consulting Ltd., of Toronto, is the Western partner. It is under license from Alphagraphics Printshops of the Future, a chain of 250 copy shops based in Tucson, Arizona.

Rodger Ford, president and chief executive of Alphagraphics, said the Western partner would invest $470,000. The Soviet book-trading agency, Mezhdunarodnaya Kniga, will own 51 percent of the venture, and Phargo 49 percent.

The deal was signed last week in New York by Mr. Ford, Geoffrey Carr-Harris, president of Phargo, and Mikhail Volodarsky, an official of the Soviet state committee of the printing and publishing industry.

The venture for shops in Soviet hotels was announced last week in San Francisco by Martin B. Lopata, chief executive of Unicorn Investments International.

U.S. Orders For Machine Tools Rose

New York Times Service

NEW YORK — Orders for U.S. machine tools rose 33.2 percent in August, to $339.6 million, bolstered by increases in exports, according to a report released Monday by the industry's trade association.

The figure was more than double the level in August of last year but was still well below the record amount of orders for one month, $565.1 million, in October 1979.

For the year, total orders reached $2.4 billion, 86.5 percent higher than in the comparable period of 1987.

The report was prepared by the Association for Manufacturing Technology, formerly the National Machine Tool Builders' Association.

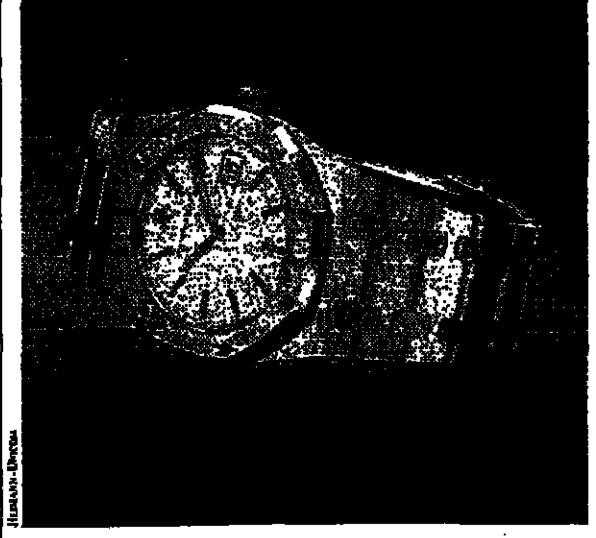
Machine tools are devices that cut or shape metal parts. Economists consider their sales an important indicator of capital spending by manufacturers of other items.

Analysts and industry officials said the increase was partly a result of a seasonal decline in July. They added, however, that changes in the value of the dollar appeared to have contributed to the growth.

"It's a stronger number than was expected," said Eli S. Lustgarten, a machinery analyst for PaineWebber Inc.

In August, foreign orders climbed 158 percent, to $86.7 million, compared with $33.6 million in July.

THE ROYAL OAK.



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Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

Z

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
5¼	2¼	Zapata				206	2¾	2⅝	2¾	
37	13½	Zayre	.48	1.6	167	4103	25⅛	24¾	25	+ ⅛
16⅛	8¾	Zemex	.40	2.9	17	1	13⅝	13⅝	13⅝	— ⅛
30	10	ZenithE				1152	20	19⅝	19¾	— ¼
10¾	9½	Zenln n	.38e	3.8		57	10	9⅞	9⅞	— ⅛
7⅛	1	vjZenLb				369	2¼	2⅛	2⅛	— ⅛
21⅝	12¾	ZenNtl	.80b	4.4	8	122	18¼	18⅛	18⅛	
19⅝	11⅞	Zero	.40	2.6	14	46	15⅝	15⅜	15⅜	— ⅛
26¾	15	Zurnln	.68	2.7	16	181	25½	25⅜	25⅜	— ⅜
11¼	7⅞	Zweig	1.04	10.3		353	10⅛	10⅛	10⅛	— ⅛
10⅛	10	ZweigT n				2799	10⅛	10	10	

NYSE Highs-Lows

NEW HIGHS 21

Albertsons, Athlone Ind, BestProd, CMS Engy, ChicagoPac s, EssexChem s, FaysDrug, FedMogul, GEICO, GilSU dep pf, GilSU 880pf, HousInt 237, Kroger s, LIL Co, Macmillan, Primark n, SPS Tech, SolonICo, TW Svcs, UniTel, WellsFargo

NEW LOWS 12

BlocrIt, BlueArrow n, Borman, CRI IM II, CenterlorEn, Canvilllnv, EmerldMtg n, GlblGovt n, NBI Inc, Gantel, Savin pfB, WstUn pfA

AMEX Highs-Lows

NEW HIGHS 5

GiantFood s, Gundle s, ICN Biomed, Landmark, SuperInd

NEW LOWS 11

AllianBcp n, AmTr-arc un, ArizCamrcBk, Blessing, EmpireAm, FlanionEnt, GaylordC n, GenlAuto, IversonTc, KogerEat n, Viotech s

U.S. Futures

Via The Associated Press

Sept. 26

Grains

Livestock

Food

Metals

Financial

Industrials

Stock Indexes

NYSE COMP. INDEX (NYFE)
points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
190.25	117.00	Dec	153.40	153.70	153.00	153.69	—.35
159.45	144.25	Mar	154.50	154.70	154.50	154.95	—.30
199.80	149.60	Jun	156.00	156.00	156.00	156.30	—.25
156.00	156.00	Sep	157.30	157.30	157.30	157.45	—.30

Est. Sales Prev. Sales 4,654
Prev. Day Open Int. 5,896 up 58

Commodity Indexes

	Close	Previous
Moody's	1,070.00 f	1,072.10 f
Reuters	1,863.60	1,861.90
D.J. Futures	133.99	134.51
Com. Research	237.06	239.41

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market
:	Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

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Currency Options

PHILADELPHIA EXCHANGE

Sept. 26

Irving Suit Says BONY Interfered With Accord

Reuters

NEW YORK — Irving Bank Corp. filed suit Monday against Bank of New York Co., claiming that it wrongfully interfered with Irving's agreement to be bought by Banca Commerciale Italiana, an Irving spokesman said.

Irving has been fighting a hostile takeover by Bank of New York for a year. Irving had accepted a takeover bid by the Italian bank, pending approval by the Federal Reserve Board. But Banca Commerciale dropped its bid on Aug. 29.

Irving filed its suit in the U.S. District Court for the Southern district of New York.

In the suit, Irving said that Bank of New York interfered with the contract relationship between Banca Commerciale and Irving by holding talks in July with the Italian institution. In these talks, Banca Commerciale and Bank of New York discussed Bank of New York buying Irving and then selling various Irving assets to Banca Commerciale, the company said.

Irving said that by holding the talks, Bank of New York was trying to get Banca Commerciale to breach its merger agreement with Irving.

The Italian bank dropped its bid after the Fed told its 60 percent owner, Istituto per las Ricostruzione Industriale, an Italian government agency, to apply separately to buy Irving.

Industriale is an industrial conglomerate with holdings which include shipbuilding and banking. It would have had to give the Fed financial data on all these operations and faced eventually divesting Irving or industrial units to comply with U.S. banking law.

Judge Accepts Kodak Case Settlement

Reuters

CHICAGO — A circuit court judge approved Monday a settlement that could cost Eastman Kodak Co. up to $250 million to compensate owners of its discontinued instant camera.

The suit stems from Polaroid Corp.'s 1986 victory in a patent infringement case alleging that Kodak had violated its instant camera technology. A federal judge in January 1986 had ordered Kodak to halt that sale of its instant camera, which owners said rendered the equipment useless since they could no longer obtain film or get cameras serviced.

Cook County Circuit Judge Thomas Rakowski, said, he found that "every factor weighs heavily in favor of settlement."

The settlement gives the more than 3.4 million claimants the equivalent of about $200 million in cash and rebate coupons, the plaintiffs' attorney, Burton Weinstein, said.

"This is an extraordinary success," Mr. Weinstein said.

He said 77 percent of camera owners contacted had entered claims. The camera had been on the market since 1976 and about 16 million were sold.

Kodak's attorney, William Campbell said, "It is a fair and generous settlement."

Each camera owner will receive cash and coupons valued at $50 to $70, depending on the age and original cost of the camera, according to the settlement.

Edelman Holding in Lonrho Rises to 4.74% from 3.79%

Reuters

LONDON — Lonrho PLC said Monday that the U.S. corporate raider Asher B. Edelman and his associates, now held a total of 21.31 million Lonrho shares, or 4.74 percent of the company, up from 3.79 percent early last week.

Following the disclosure, the conglomerate asked the High Court to unfreeze the stake. Last Thursday, Lonrho obtained a freezing order.

The shares disclosed Monday are owned by Edelman and by 26 named parties on his behalf, Lonrho said in a statement. Because the parties have been revealed, Lonrho agreed to move to unfreeze the stake.

London Metals

Sept. 26

Paris Commodities

Sept. 26

S&P 100 Index Options

Sept. 26

Dividends

Sept. 26

Source: UPI.

Paris Eases Rules On Non-EC Firms

International Herald Tribune

PARIS — The French government eased requirements Monday for companies with headquarters outside the European Community to establish branches in France.

In the future, according to a note published in the Official Gazette, they will be able to establish subsidiaries after a simple declaration to the Finance Ministry. Until now, non-EC companies had to wait for authorization from the Finance Ministry before setting up branches in France.

Companies buying existing French enterprises for more than 10 million French francs ($1.56 million) will still be required to seek authorization.

London Commodities

Sept. 26

GASOIL
U.S. dollars per metric ton

Oct	118.25	118.50	120.00	117.00	119.25	199.50
Nov	120.75	120.50	122.00	118.75	121.00	121.25
Dec	122.25	122.50	124.00	121.50	122.75	123.25
Jan	122.75	123.00	123.75	122.00	122.75	123.25
Feb	122.25	122.75	122.50	121.75	122.00	122.75
Mar	121.00	123.00	N.T.	N.T.	120.25	123.00
Apr	118.50	119.00	119.00	119.00	119.50	122.00
May	115.00	118.00	N.T.	N.T.	117.00	118.50
Jun	116.00	118.50	N.T.	N.T.	116.00	117.50

Volume: 5,786 lots of 100 tons.
Sources: Reuters and London Petroleum Exchange.

To Our Readers

Deutsche mark futures option prices were not available in this edition because of transmission delays.

U.S. Treasuries

Sept. 26

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	7.37	7.35	7.60	7.46
6-month bill	7.52	7.50	7.89	7.83
1-year bill	7.62	7.60	8.13	8.08
	Bid	Offer	Yield	Prev. Yield
30-yr. bond	100 11/32	100 13/32	9.09	9.05

Source: Salomon Brothers.

Spot Commodities

Sept. 26

Commodity	Today	Prev.
Aluminum, lb	1.09	1.1325
Coffee, lb	1.16	1.14
Copper electrolytic, lb	1.19	1.19½
Iron FOB, ton	213.00	213.00
Lead, lb	0.38	0.38
Printcloth, yd	0.50	0.50
Silver, troy oz	6.75	6.265
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	121	104
Tin, lb	4.5952	4.6398
Zinc, lb	0.69	0.66

Source: AP.

U.S. House Sales Rose in August, Realtors Report

The Associated Press

WASHINGTON — Sales of existing single-family homes in the United States rose a modest 1.1 percent in August, a real estate trade group reported Monday.

The National Association of Realtors said sales of existing homes rose to a seasonally adjusted annual rate of 3.67 million units last month, after a 5.0 percent decline in July. The increase was attributed to the desire of homebuyers to beat rising mortgage rates, which have been inching up since early spring.

"Basically, what we're seeing here is the movement of households into the market now to avoid what they perceive to be deteriorating conditions," said John A. Tuccillo, chief economist of the association.

He predicts that sales will decline, bringing them for all of 1988 to 3.45 million units, a 2.1 percent fall from 1987.

The median price of a new home rose from July to August by $600, to $91,300, up 5.5 percent from a year earlier, when the median sales price for an existing home was $86,500.

BUSINESS ROUNDUP

Tate & Lyle Acquires Amstar Sugar

Reuters

LONDON — Tate & Lyle PLC, the large British sugar refiner, said Monday that it and its 50.15 percent owned unit, Redpath Industry Ltd., were buying Amstar Sugar from Amstar Corp. of the United States for $305 million.

The move follows Tate & Lyle's acquisition in June of Staley Continental Inc., a major U.S. producer of corn sweeteners, for $1.5 billion. The merger gave Tate & Lyle about 25 percent of the U.S. market for high-fructose corn syrup, which is used to sweeten soft drinks.

Neil Shaw, chairman of Tate & Lyle, said in a statement that the purchase of Amstar Sugar would significantly enhance the company's position in the U.S. cane sugar refining industry.

Amstar is one of the leading cane sugar refiners in the United States, with refineries in New York, Baltimore and New Orleans. It refines about 1.5 million tons of sugar annually and its consumer sugars are sold under the Domino brand.

Amstar Sugar includes Amstar Sugar Corp., Brooklyn Cooperage Co. and Charleston Packaging Co. In the fiscal year ending June 30, Amstar Sugar had profit before tax, interest and nonrecurring items of $18.7 million, down from $38.9 million the previous year.

The fall in profit was attributed to pressures arising from a large beet sugar crop and surplus refining capacity, Tate & Lyle said.

The acquisition will be made through Refined Sugars Inc., which is jointly owned by Redpath and Tate & Lyle.

About $92 million of the deal will be financed by the sale of 7.07 million new Tate & Lyle shares at 790 pence ($13.20) a share. The balance will be met through existing resources of Tate & Lyle and Redpath.

Tate & Lyle stock moved sharply lower on Monday, falling 22 pence, to 807 pence.

Tate & Lyle also said that it intended to sell Refined Sugar's cane sugar refining operations. The business, which includes Refined Sugar's refinery at Yonkers, New York, made profits before interest and tax of $1.5 million in the year ending Sept. 26, 1987. It is expected to have a loss this year because of pressures on cane sugar refining margins.

STOCKS: *Gold Miners Face Test*

(Continued from first finance page)

Stock Exchange, down about 15 percent over the past month. But Leslie Gold Mines, a high-cost miner, has fallen about 30 percent, to 63 U.S. cents, over the past few weeks, Mr. Birch noted.

Battle Mountain Gold has eased about 5 percent over the same period to Monday's $4.125 on the New York Stock Exchange, while Sonora Gold, at the upper end of the mining-cost spectrum, has slipped almost 20 percent to $2.50 in over-the-counter trading.

Mr. Birch said that although North American gold stocks are currently trading at a ratio of about 19 times prospective earnings, nearly twice the U.S. market's average, the premium is in many cases justified.

"Many people now don't want to hold gold shares, but funds want to keep some stocks, and they favor the lower-cost operators," he said.

The combination of new, lower-cost production and forward sales by mines that anticipated an increase in the gold price through 1989 is adding to pressure on bullion markets.

A further decline in the gold price may discourage some new production. But Inco Gold, for example, a unit of Inco Ltd. of Canada, is pressing ahead with plans to start production in Montana and Brazil next year at production costs of between $160 and $200 an ounce. The company has said it anticipates losses until 1991, but it plans to go public around that time, having established its record as a low-cost producer.

Nor is there much prospect of higher-cost producers in southern Africa sharply curtailing production of a vital source of foreign exchange, most analysts agreed.

Singapore Air Does Not Plan Diversification

Reuters

SINGAPORE — Singapore Airlines Ltd. will use its large cash reserves to buy aircraft and stakes in other airlines, but will not invest in non-airline businesses, its deputy chairman, Lim Chin Beng, said Monday.

The airline has recently placed major aircraft orders, including a $3.3 billion deal for 14 Boeing B747-400s that are to be delivered between 1989 and 1993.

The company also is studying the purchase of either the Airbus A-340 or the McDonnell Douglas MD-11, according to Mr. Lim. Aviation sources said Singapore Air might buy three or more of either aircraft.

Industry analysts have said that the company should diversify into hotels and entertainment. But Mr. Lim said that, while Singapore Airlines had a cash surplus, it could not afford to spread its personnel among other businesses.

The company had after-tax profit of $602.6 million in the year that ended in March, up from $451.2 million a year ago.

Kroger Sets Store Sales In $4.6 Billion Defense

Compiled by Our Staff From Dispatches

CINCINNATI — Kroger Co. said Monday that it would sell stores and food processing plants and lay off employees at its Cincinnati headquarters in a $4.6 billion restructuring program designed to fend off two unwanted suitors.

The asset sales are expected to raise about $333 million after taxes to help fund the massive restructuring, said Kroger, the large U.S. supermarket operator.

The restructuring is valued at $57 to $61 per share, or as much as $4.6 billion, officials said.

Kroger said that it has signed a commitment letter with a group of banks that would provide $3.6 billion of senior financing for the restructuring.

The divestitures will include Price Savers Wholesale Warehouse Inc., a 16-unit operation which is in the process of being sold to an investor group, Kroger said, adding that it expects to retain a 20 percent stake in the operation.

The company also said it planned to dispose of Welcome Inc., a six-unit superwarehouse venture that has operations in South Carolina, Florida, Alabama and Virginia. Kroger also said it has agreed to sell 33 Florida Choice supermarkets and 25 of its liquor stores.

The plan will make the company smaller and increase its debt, but Kroger will be economically viable and competitive, Lyle Everingham, the Kroger chairman, and Joseph Pichler, president, said.

They said the restructuring would be more lucrative for shareholders than unsolicited takeover offers from Dart Group Corp. and Kohlberg, Kravis, Roberts & Co. last week, which the Kroger board has rejected asinadequate.

Kohlberg, Kravis, a leveraged-buyout specialist, bid $4.6 billion for Kroger, topping the $4.32 billion bid from Dart, which is controlled by the Haft family of Maryland. The Hafts triggered the competition earlier this month when they received federal approval to buy at least $15 million worth of Kroger stock.

The layoffs will come in addition to a cost-cutting attrition program already under way at the company's headquarters, Mr. Everingham said.

Spokesmen for Dart Group and Kohlberg, Kravis declined comment on the Kroger plan.

Kroger's restructuring plan, first publicly proposed on Sept. 13, would pay shareholders $40 a share in cash, plus securities valued at $8 and remaining publicly traded stock worth between $5 and $10.

(AP, Reuters)

Krupp Chief to Step Down

Reuters

ESSEN, West Germany — Berthold Beitz, supervisory board chairman of the West German steel and engineering group Fried. Krupp GmbH, said Monday he would step down soon from the post that he has held for the past 35 years.

Neither the company nor its major shareholder, the Krupp family trust, had any comment on Mr. Beitz's remarks, which he made to a West German radio station from Seoul, where he is attending the Olympics as president of the West German Olympic committee.

Mr. Beitz, who was 75 on Monday, also said Krupp should consider becoming a publicly quoted company in order to gain better access to capital markets.

Until Monday, Mr. Beitz has said he had no intention of resigning and has been noncommittal when asked about the possibility of floating Krupp stock. But, even if Krupp were floated, its main shareholders, the family trust with 74.99 percent and the Iranian government with 25.01 percent, would remain in control, said Joseph Rooney, an analyst at James Capel & Co., the London brokerage house.

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GANNETT: *Growth Curve Flattens Out for USA Today, the 'Nation's Newspaper' in the United States*

(Continued from first finance page)

however, from its 52-week low of $26, closing Friday at $33.625.

Analysts are generally bullish on the company, but several said Gannett was in for a period of moderate growth. One said he expected the company's earnings to increase 8 percent to 9 percent annually for the next five years, down from the compounded average of 13.1 percent over the past 10 years.

The transition from high-flyer to merely consistent performer is echoed in the changes at the top of the company. John J. Curley, the former USA Today editor who took over the chief executive's job in 1986, is a decidedly more low-key executive than his flamboyant predecessor, Allen H. Neuharth, Gannett's chairman and the founder of USA Today.

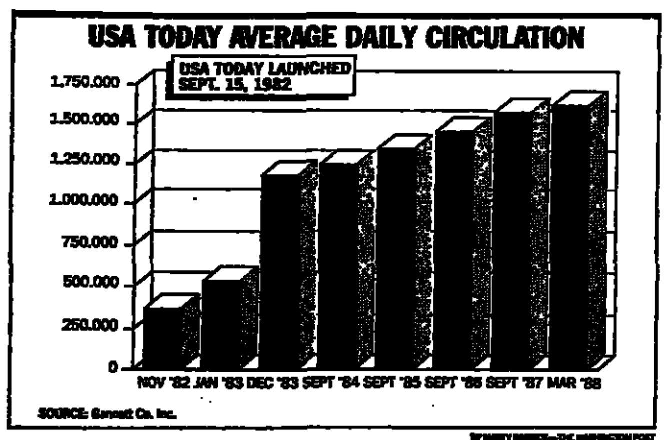
Mr. Neuharth, 64, is scheduled to retire as chairman April 1. Mr. Curley, 49, is widely expected to become chairman as well as chief executive at that time.

Mr. Curley does not dispute analysts' projections for Gannett. "We have to change the expectation that an earning's record is do-able every quarter," he said. "We've got to start looking on an annual basis. The bigger we get, the tougher it gets."

Mr. Curley conceded that a profit for the company's flagship is not on the immediate horizon. After $458 million in pretax operating losses on USA Today throughout 1986 — and undisclosed millions since — the newspaper will lose money this year, he said, despite the optimism produced by its brief period of profitability at the end of last year.

"I don't think it will ever achieve the margins that a local newspaper would, nor was it designed to do that," Mr. Curley said in his 31st-floor office at Gannett's headquarters overlooking the Potomac River. "On the other hand, it's reasonable to assume that it will achieve profits in the double digits in the not-too-distant future." He paused, reflecting on the last phrase. "Well, at some point."

Mr. Curley said USA Today's expected loss this year could be as small as $15 million, although he added that it would take a strong fourth quarter to keep the figure that low.



One newspaper analyst predicted USA Today's loss would be $20 million to $30 million this year because of the slowdown in advertising and increased costs, especially newsprint.

Former executives familiar with the newspaper's finances said the real loss would be even higher than these projections if Gannett attributed to USA Today the expenses it assigns to other operations by borrowing staff members.

While USA Today's losses now make up only a minimal drag on Gannett — and indeed have shrunk since the enormous drain of the start-up years — some former Gannett managers questioned whether the newspaper would ever be anything more than a high-profile loss leader for the company.

These observers, as well as stock analysts, said the newspaper has served mostly as a public-relations boon for Gannett, as well as an anchor for spinoff enterprises. These include the Sunday magazine USA Weekend; the programming service USA Radio; and, since the middle of this month, USA Today: The Television Show, a nightly syndicated program seen in 150 markets. Thus far the program has been a disappointment.

'We could have just walked out of the first 11 or 12 markets, Washington, Los Angeles, New York. But Al insisted we have newspapers in Boise and Helena.'

A former Gannett executive

Internal projections made in 1981 called for USA Today to reach 2.3 million readers by 1987. The Audit Bureau of Circulations said the newspaper sold a daily average of 1.63 million copies as of March 30, making it the second-largest U.S. newspaper after the Wall Street Journal. During the past year, USA Today's circulation has grown 5 percent.

Some observers wondered whether USA Today could grow much more. They said its early growth was fueled by repeatedly introducing the newspaper to new markets. Now, with the newspaper available in 90 percent of the United States and with only a few small markets untouched, that strategy will no longer work.

But building on its existing base could be a problem for USA Today because, as a former Gannett executive said, sales of the newspaper do not seem to be increasing dramatically in markets in which USA Today has long been sold, even though Gannett has improved its ability to deliver the publication to these cities in the past five years.

In fact, critics said the newspaper has grown slowly for five years, especially in view of Gannett's investment.

On April 24, 1983, seven months after its debut, Mr. Neuharth said the newspaper had a circulation of 1.1 million. This was at a time when USA Today was available in the 14 largest U.S. markets with 14 print sites in operation. Today, the newspaper is available in the nation's 100 largest markets and is printed at 33 domestic sites.

USA Today has picked up 530,000 new readers in five years and built 19 new plants, although it had more than twice that many readers in less than a year with 14 sites. This means newer readers have been increasingly more expensive to attract.

"We could have just walked out of the first 11 or 12 markets, Washington, Los Angeles, New York, you know, and said 'that's it,'" said one former Gannett executive, who requested anonymity. "But Al insisted we have newspapers in Boise, Idaho, and Helena, Montana."

Mr. Curley and USA Today's publisher, Cathleen Black, said the recent slow growth is according to plan. Instead of simply increasing the readership, they said, Gannett is more interested in attracting and keeping more of the affluent readers that advertisers want.

Ms. Black described the improvements in the newspaper's audience demographics as impressive during the past year. For example, the newspaper has slightly more college-educated readers than a year ago, although slightly fewer than in its first year.

Mr. Curley argued that the investment in the printing sites is justified because these plants will permit faster and less expensive delivery of USA Today. It is just a matter of time, he said, before the newspaper achieves enough penetration in some of these markets to make the printing plants pay off.

Yet to some sources, these issues mask the question of how much USA Today has cost its parent. Some former Gannett executives and other observers criticized the methods that the company has used to subsidize USA Today without the costs ever showing up on the newspaper's accounting ledger.

For example, Gannett has made no secret of its "loaner" program, in which workers from Gannett's local newspapers work on USA Today while their salaries are paid by the local units.

Gannett also has allocated capital expenditures to other divisions because the printing plants also produce other Gannett publications.

USA Today's readership is still shifting even after almost six years. With 20 percent of its circulation coming from home and office subscriptions, the newspaper counts on newsstand sales and bulk sales for the rest of its circulation. This means that four of every five readers are potentially new to the newspaper each day, a handicap for some advertisers.

"If you want to reach the same people frequently with your message, USA Today is probably not the best vehicle," said Joe Zeller, director of media and financial services for the ad agency D'Arcy Masius Benton & Bowles in Chicago. Mr. Zeller also said that some advertisers find the $54,000 cost of a full-page, four-color ad in the newspaper too high relative to the number of subscribers. The cost per subscriber is slightly higher than the rate offered by the national news magazines.

Despite the immediate prospects for the newspaper, Mr. Curley said Gannett would never consider abandoning USA Today, nor would it sell the newspaper.

"There's no one in the country who could make it work if Gannett can't," said Gerald Garcia, editor and publisher of the Knoxville Journal in Tennessee and a former Gannett vice president.

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Re: ISA Asian Growth Fund
ISA Pacific Gold Fund
ISA Asian Income Fund

NOTICE is hereby given that the Managers, after careful consideration, have recommended to the Trustee certain changes in the dealing and realisation arrangements of the above Funds. The Trustee has agreed to these changes which will come into effect on **October 1st 1988.** An updated explanatory memorandum, revised to reflect the above changes, will be available in due course.

A brief summary of the changes is as follows:-

1. The Funds will be valued weekly at the close of business on the first business day preceding each Dealing Day, which emains Tuesday for ISA Asian Growth Fund, Thursday for ISA Pacific Gold Fund and Friday for ISA Asian Income Fund.
2. Realisations will change to forward pricing, i.e. realisation requests must be submitted before noon (Hong Kong time) on the first business day prior to the Dealing Day on which the Funds are to be valued. Realisation requests are, therefore, given at a time when the realisation price is unknown.

The price of Units and the income from them may go down as well as up. Unitholders are reminded that under particular circumstances their rights to redeem their Units may be restricted.

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Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
		A								
13½	6⅛	ABI			11	2	10⅛	10⅛	10⅛	
10	3⅝	ABM G				57	4¼	4⅛	4⅛	
9	4¼	AIFS				28	5	5	5	+ ⅛
15⅝	5⅞	AL Lab s	.12	.9	17	263	13	12⅝	13	+1⅛
4	2¼	AOI	.05e	1.7	26	5	2⅞	2⅞	2⅞	
5¼	1⅞	ARC g				30	3⅝	3½	3⅝	+ ⅛
20⅝	5⅞	AT&E				565	11⅛	10½	10½	— ¾
2⅞	⅞	ATTCr wt				12	1¼	1¼	1¼	
13⅝	2	ATI			23	3	4⅝	4⅝	4⅝	— ⅛

[illegible]

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Sept.26, 1988

Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly

[illegible]

Other Funds

[illegible]

AS - Australian Dollars; BF - Belgium Francs; CS - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LIT - Italian Lira; LF - Luxembourg Francs; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; -@ Offer Price incl. 3% prelim. charge; ++ Paris stock exchange; ++ Amsterdam stock exchange; - - misquoted earlier; x - not registered with regulatory authority

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a — dividend also extra(s)./1
b — annual rate of dividend plus stock dividend./1
c — liquidating dividend./1
cld — called./1
d — new yearly low./1
e — dividend declared or paid in preceding 12 months./1
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

(Continued on next page)

Floating-Rate Notes

Sept. 26

Dollars

Pounds Sterling

Deutsche Marks

Japanese Yen

E.C.U.

[illegible]

Source: Credit Suisse-First Boston Ltd., London

CURRENCY MARKETS

DOLLAR: *Central Banks Step In*

(Continued from first finance page)

vened when the dollar was trading at about 1.8890 DM, one London dealer said that the Group of Seven officials may have set a target range for the dollar between 1.8250 DM and 1.8850.

The dealer added that the Group of Seven countries would allow the dollar to swing within that relatively wide range until the U.S. presidential election Nov. 8.

Another dealer said the Group of Seven countries were seen as having reached an agreement to leave the dollar at its current levels because they were concerned about it falling before the U.S. election.

The Group of Seven communiqué said that the ministers and central bank chiefs from the leading industrialized nations "reaffirmed their commitment to pursue policies that will maintain exchange rate stability and to continue to cooperate closely on exchange markets."

London Dollar Rates

Closing	Mon.	Fri.
Deutsche mark	1.8828	1.8746
Pound sterling	1.6660	1.6715
Japanese yen	134.65	134.43
Swiss franc	1.5935	1.5840
French franc	6.4888	6.3875

Source: Reuters

Dealers also noted that the dollar had been underpinned by a report on Friday that U.S. orders for durable goods rose 6.0 percent in August, far above analysts predictions. The increase caused dealers to reexamine assumptions that U.S. economic growth was slowing.

The next major indicator of U.S. economic trends will be the employment data for September, due to be published Oct. 7.

"The purpose of the dollar sales was to signal to the market that the band for intervention has not changed," one U.S. dealer said.

(Reuters, AP)

OPEC Seeks Fresh Talks On Iraq-Iran Quota Row

Compiled by Our Staff From Dispatches

MADRID — The Organization of Petroleum Exporting Countries decided Monday to hold urgent talks of a cartel committee that includes Iraq and Iran, which may be a forum to help end their dispute over oil output quotas.

After two days of emergency talks in Madrid mulling the excess output which has hit prices, the five-member ministerial pricing committee of OPEC said it would hold further talks soon, meeting jointly with another panel, the long-term strategy committee.

That group includes the Gulf war combatants.

The committee ended a two-day emergency session Monday by calling for prompt action to reverse the sharp decline in world oil prices but stopped short of requesting a special meeting of the full 13-member cartel.

One of OPEC's chief problems is that the Iraqis have refused to join the other 12 members in accepting any cartel quota on their production. Iraq wanted to be allowed to sell as much as Iran, historically a bigger producer. The Iranians and others could not agree to that.

The five-country pricing panel met in Madrid to review a situation in which typical OPEC crudes are trading $6 below the cartel's desired reference price of $18 a barrel. *(Reuters, AP)*

Bérégovoy Rules Out Devaluation Against Mark

By Reginald Dale

International Herald Tribune

BERLIN — Finance Minister Pierre Bérégovoy of France on Monday affirmed his rejection of a devaluation of the French franc against the Deutsche mark and said there were no monetary tensions between France and West Germany.

Mr. Bérégovoy, however, vigorously continued his campaign to persuade West German authorities to step up the pace of their country's economic growth.

Unlike most leading finance officials here, particularly the almost invisible Nicholas F. Brady, the new U.S. Treasury secretary, Mr. Bérégovoy is using the annual International Monetary Fund and World Bank joint meeting as a platform for expounding his government's economic and monetary policies to an international audience.

An essential element of Mr. Bérégovoy's message is the overriding importance of currency stability — both at home and abroad.

Internationally, he told the IMF's policymaking Interim Committee at the weekend, "the stability of exchange rates must remain our principal objective."

In France, he told reporters on Saturday, "the stability of the franc is the basis of the economic policy we intend to carry out."

Mr. Bérégovoy vehemently rejected the view of many private analysts, including some of those here for this week's meetings, that a realignment of currencies in the European Monetary System cannot be indefinitely delayed.

"The realignment, when it comes, will have to be quite large," said one private economist. "The mark may have to be revalued by as much as 10 percent against the franc."

Mr. Bérégovoy, however, said flatly at a news briefing Monday, "We exclude any realignment." Similar statements have been made by senior West German officials in recent days.

Mr. Bérégovoy said he believed there are two requirements for the desired currency stability to be achieved: "Rigorous coordination" of interest rates and convergence of economic policies.

"It is not simply a question of stabilizing exchange rates," he said Monday. "We need economic convergence to arrive at stable exchange rates."

It was those two considerations that brought him to to the subject of West Germany. After displaying irritation at what he regarded as a German failure to consult Paris on interest-rate changes earlier this summer, Mr. Bérégovoy said that lessons have been learned.

"The problem remains of economic convergence," he said. "Strong growth is necessary in the European countries with external surpluses" to reduce balance of payments imbalances, he said, meaning West Germany.

Despite a recent increase in its economic growth rate, West Germany "must make an extra effort to increase internal demand," Mr. Bérégovoy said.

France, he said, had also raised the question of recycling West Germany's financial surpluses to other European countries.

But while the two countries are to study the French proposal, the initial German reaction has been dismissive. Indeed, some German officials said that they found the whole idea hard to understand.

The West German surpluses are already being recycled automatically, said an official, pointing out that capital outflows from Germany are currently much higher than the country's current-account surplus.

Rather than try to steer West German investment to France and other European Community countries, the French should make the investment climate in their own country more attractive, the official said.

ECONOMY: *Survey Finds Advisers Foresee a U.S. Recession by 1990*

(Continued from first finance page)

fact that 90 percent of the nation's leading business economists expect an economic downturn during the next two years is noteworthy," said Jay N. Woodworth, an economist with Bankers Trust Co. and incoming president of the association, which is holding its 30th annual meeting in Pittsburgh this week.

The median projection for economic growth as measured by the gross national product was 3.9 percent this year, which would be the best since 1984.

The economists had predicted 2.9 percent growth in the May survey and raised their projections even though the summer drought is expected to knock a percentage point off this year's growth.

In November, after the stock market collapsed in October, more than half the economists were looking for a recession in 1988 and the median growth projection was an anemic 2 percent.

The unexpectedly robust growth this year, if it holds up, should be good news for the Republican presidential candidate, Vice President George Bush, who is counting on Americans to vote their pocketbooks.

Fifty-three percent of a panel of nearly 300 association members predicted that Mr. Bush would defeat the Democratic Party candidate, Governor Michael S. Dukakis of Massachusetts, while 61 percent said they thought Mr. Bush's economic policies would be better for maintaining stable growth and low inflation. Thirty-seven percent said they thought Mr. Dukakis would win, even though only 22 percent said his policies were better.

But according to the economists, whoever wins will have an economic challenge.

The median projection for 1989 GNP growth was only 2.3 percent. The economists also said inflation, as measured by the consumer price index, would pick up, from a projected 4.5 percent this year to 5.1 percent next year.

Mr. Woodworth said the 1989 growth projection meant "the panel must assume essentially zero growth, the stuff from which recessions are made, for the third and fourth quarters of 1989."

Asked to rank the next administration's economic policy priorities, the 300-member panel listed, in order of importance: reducing the budget deficit; completing the free-trade agreement with Canada; speeding up productivity growth; encouraging personal savings; and stimulating business investment.

Near the bottom of the economists' list was curbing hostile corporate takeovers, discouraging corporate debt accumulation, increasing antitrust law enforcement, reforming securities laws to prevent another stock market collapse and changing federal law to allow banks to enter the securities industries.

Despite the importance placed on shrinking the budget deficit, the 60 economists did not see much progress. The median deficit projection for next year was $150 billion, about the same as last year's budget gap and the deficit expected in fiscal year 1988.

In other predictions, the survey found:

- Interest rates, both short- and long-term, should rise one percentage point by mid-1989 and then start to decline.
- The merchandise trade deficit of $170 billion in 1987 should shrink to $135 billion this year and $120 billion next year.

IMF: *Japan Proposes Aid Initiative for Third World*

(Continued from page 1)

ceed with forgiving one-third of the debt owed by the poorest 18 nations of the world, mostly located in sub-Saharan Africa, would cost Japan $5.5 billion in principal and interest.

The debt initiative to be unveiled Tuesday was raised briefly at the Toronto summit of heads of state last June, but got a short hearing. The still-secret details apparently do take into account the insistence that there be no bailing out of commercial banks from their exposure to debtor countries.

The Interim Committee's statement Monday reiterated this stand.

While it welcomed a further broadening of the "menu approach", giving banks options to negotiate debt relief, the committee excluded "transferring risk from private lenders to official creditors."

The committee also said that "banks should be encouraged to provide adequate refinancing" and not only rescheduling of principal repayments.

Regarding commercial banks, Michel Camdessus, the IMF managing director, said that the fund would have to persist in pressuring reluctant banks to continue providing "the moderate amounts of new money that are vital to the working of the cooperative strategy."

"Whenever banks refuse to participate in financing packages in support of debtor countries' adjustment efforts," he said, "they in effect add fuel to the arguments of those who are advising countries not to meet their foreign obligations. Such bank reluctance only serves to undermine the debt strategy."

The Interim Committee also indicated that it would put off a decision on increasing the size of the IMF — the level of members' quotas — until next spring.

The question of an increase has become a delicate political issue. The United States does not wish to see its quota share reduced, while Britain is not keen on a general revision that would drop it in the IMF ranking.

The present Japanese quota is 4.7 percent, giving it the fifth-largest place in the organization.

Mr. Sumita said that, "I would be hard-pressed to say that this accurately or adequately reflects Japan's current standing in the world economy."

He said that Japan's share should "be brought into line with its economic standing" as the second-largest country, in economic terms, in the IMF.

Agencies Say Trade Barriers Must Decline

Reuters

BERLIN — A committee of the International Monetary Fund and World Bank on Monday urged wealthy countries to reduce trade barriers to help foster economic vitality in the Third World.

The Development Committee met as part of the annual gathering of the agencies.

It said studies indicated the value to Third World exporters of removing trade barriers would be equal to twice the amount of foreign aid provided by wealthy countries.

The panel groups officials of wealthy and poor countries.

Monday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	4 P.M.	Net Ch'ge
		A								
18⅝	6¼	A&W Bd			38	207	17¾	17	17¼	− ½
24	11	ADC s			9	482	12¾	12¼	12⅜	+ ⅛
14¾	7¼	AEL				123	7⅞	7½	7⅝	− ⅛
15¾	6¼	ASK			14	365	12	11⅝	11⅞	− ⅛
17¾	6¼	AST			7	2853	8¾	8⅝	8⅝	
2⅝	1⅛	Acadin			34	762	1⅝	1⁹⁄₁₆	1⁹⁄₁₆	
25⅝	9⅝	AcmeSt	.05e	.2	12	425	24½	23½	24⅛	+ ⅛
23¼	10¼	Acmed			35	4189	9⅝d	8⅝	8⅞	− 2¼
29½	10¼	Acusn			24	581	23¼	22⅞	23	

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	4 P.M.	Net Ch'ge
28	12	XL Dt s			14	41	24	23½	23⅝	− ⅜
21	6¾	XOMA				528	14¾	14½	14¾	
15⅝	5½	X-Rite s			16	30	11¾	11¼	11¾	
15⅝	4¾	Xicor			16	185	9¼	8⅞	8⅞	− ¼
15	4½	Xyvsn			3	56	5⅛	5	5⅛	+ ⅛
42½	20⅝	YlowF s	.70	2.3	19	3380	30½	29½	30⅜	+ ⅞
39¼	18¾	ZionUt	1.44	6.3		34	23½	23	23	− ½

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
19⅝	11¼	TotlPt g	.40			257	17	16¾	17	+ ¼
33	24	TotPt pf	2.88	9.6		2	30	30	30	− ½
10⅝	4⅝	TwCty s			13	24	10⅝	10¼	10¼	− ⅛
13⅝	7½	TrnsLx	.08b	.9	13	4	8¾	8¾	8¾	
8	4	TrnscoA	.30	4.9	3	22x	6⅛	5⅞	6⅛	+ ¼
8⅝	4	TrnscoB	.10	1.7	3	12x	6	5¾	6	+ ⅛
24¾	11½	Trnzn	.28	1.6	10	6	17	17	17	− ⅛
19¼	6¾	TriSM				96	18¾	17⅝	18	− ¾
14⅝	6¾	TrioCp	.20b	2.2	12	98	9⅛	8⅞	9	
3¼	1⅜	TriHme				5	2⅝	2⅝	2⅝	
6¾	1½	Tridex				21	4½	4⅜	4⅜	− ⅛
9¼	2½	TstAm s			11	7	6½	6⅜	6½	
10½	1⅞	TubMex				361	5⅜	5¼	5⅜	− ⅛
16⅝	9¼	TurnB A	†			10	14¾	14¾	14¾	− ¼
26	14⅝	TurnrC	1.30	6.5		9	20	20	20	− ¼
		Y								
2⅝	⅞	YonkCo			2	20	⅝	⅝	⅝	

FRANCE

will be featured in a special news report, prepared by the editors of the International Herald Tribune. It will appear on Monday Nov. 28. Don't miss this important issue.

SPORTS

B. Kleckholm/Reuters-United Press International

Issiac Holt set up 3 Viking points by stifling a John Teltschik punt; Minnesota beat Philadelphia, 23-21.

Last Year's Also-Rans Come Roaring Back

Compiled by Our Staff From Dispatches

NEW YORK — And the formerly meek shall inherit the National Football League. For four weeks, at least.

The Los Angeles Rams, Buffalo Bills and Cincinnati Bengals — losers all last season, when they combined for a 17-28 record — stayed unbeaten Sunday and erased many of the doubts about their early-season dominance.

The Rams were the most convincing, ripping the vaunted New York Giant defense as quarterback Jim Everett had the best game of his career: five touchdown passes.

Buffalo downed Pittsburgh by forcing five turnovers and blocking two punts, one of which Robb Riddick returned for a 5-yard score.

The Bengals didn't get much production from their passer, Boomer Esiason, but they got a pair of touchdown dives by rookie Ickey Woods and a 26-yard TD run with a fumble by Lewis Billups in beating Cleveland, 24-17.

Rams 45, Giants 31: In East Rutherford, New Jersey, Everett was 14-of-24 for 236 yards. His scoring passes were on plays of 2 yards to running back Greg Bell, 5 yards to running back Robert Delpino, a 14-yarder to Pete Holohan, a 41-yarder to Henry Ellard and a 69-yard bomb to Aaron Cox.

"We're not making judgments on whether we're this good or that good," Everett said after becoming the first quarterback since 1983 to throw five scoring passes against the Giants in a game. "All we know how to do is just play hard football. That's all we're going to try to do."

Bills 36, Steelers 28: In Orchard Park, New York, Scott Norwood kicked five field goals to help Buffalo move to 4-0. Riddick scored from a yard out on fourth down to end an 81-yard drive and give the Bills a 23-14 advantage midway

NFL ROUNDUP

through the third period. Steve Tasker blocked a punt 2:21 later and Riddick returned it for a 30-14 edge.

Norwood's fourth field goal, a 48-yarder 1:57 into the fourth quarter, finished a drive that began with Darryl Talley's fumble recovery. Six plays after the kick, Mark Kelso intercepted Bubby Brister's pass at the 35 and ran 23 yards to set up a 49-yarder by Norwood, which gave the Bills a 36-14 advantage.

"This year, I told myself *I've got to get back on track*," Riddick said. "We weren't getting down close where you can make something happen. Now we're getting down close. I've just been waiting for it."

Vikings 23, Eagles 21: In Minneapolis, Chuck Nelson's third field goal of the game, a 32-yarder with 15 seconds left, rallied the Vikings. Nelson also hit from 22 and 27 yards, and missed a 45-yarder. "If you can pick a situation to atone for, you'd like to make it at the end," Nelson said. "In that situation, it's a combination of excitement and relief."

Randall Cunningham had connected with rookie tight end Keith Jackson on a 13-yard pass with 1:47 remaining to put Philadelphia up, 21-20. The TD came after Andre Waters blocked a Bucky Scribner punt.

Cardinals 30, Redskins 21: In Tempe, Arizona, Greg Horne's 20-yard run off a fake punt set up one fourth-quarter touchdown, and Cedric Mack returned quarterback Mark Rypien's fumble 45 yards to seal the decision with 48 seconds remaining.

Rypien, making his pro debut, completed 26 of 41 passes for 303 yards and three touchdowns.

49ers 38, Seahawks 7: In Seattle, Joe Montana threw four TD passes — three to Jerry Rice — to spark San Francisco, which totaled 580 yards on offense while the Seahawks managed just 154. Montana completed 20 of 29 passes for 302 yards in three quarters of play. He connected on third-quarter bombs of 69 and 60 yards to Rice after throwing first-half scoring throws of 1 yard to Rice and 13 yards to John Frank.

Chargers 24, Chiefs 23: In Kansas City, Missouri, Lionel James hauled in a 9-yard pass from Babe Laufenberg and dived into the end zone with :52 left to edge the Chiefs. San Diego scored on its first two possessions but then was kept off the scoreboard until its last two.

Vince Abbott kicked a 47-yard field goal with 8:13 remaining in the game to cut the Charger deficit to 23-17. Laufenberg mounted a 13-play, 61-yard drive for the game-winning score. *(UPI, AP)*

Tigers Are Still on the Prowl

The Associated Press

BALTIMORE — The race may be all but over, but Detroit is still running.

While Boston was tightening its hold on first place in the American

BASEBALL ROUNDUP

League East, the Tigers staged ninth-inning rallies in both games of a doubleheader Sunday to sweep the Baltimore Orioles.

Fred Lynn's bases-loaded home run pulled out the victory in the nightcap, 7-4; in the 2-1 opener, Luis Salazar had delivered a run-scoring single in the ninth to make a winner of Jack Morris — who pitched a one-hitter.

The second-place Tigers trail Boston by 4½ games going into the last week of the season. Any combination of three Detroit losses and Red Sox victories will eliminate Detroit from contention.

Morris did not allow a hit until Mickey Tettleton's one-out single in the seventh. The right-hander struck out eight and walked two.

In the second game, Doyle Alexander won his third straight decision. The Tigers, hitless since the sixth inning, trailed 4-3 entering the ninth. But two walks, a sacrifice and another walk set the stage for Lynn — whose last four home runs have come in the ninth inning.

"I like to think I'm pretty good under pressure," said Lynn, who was traded from the last-place Orioles on Aug. 31. "It's fun to be in games that mean something."

White Sox 6, Royals 5: In Chicago, Harold Baines's single capped a four-run ninth that rallied the White Sox.

Mariners 8, Rangers 5: In Arlington, Texas, Steve Balboni's single capped a three-run sixth as Seattle rallied past Texas.

Twins 6, Angels 2: In Anaheim, California, Frank Viola won his 23d game of the year and Dan Gladden's steal of home snapped a seventh-inning tie as Minnesota sent California to its seventh straight loss. Viola, who has lost just seven, scattered nine hits in his seven innings, striking out four and walking two, both intentionally.

Giants 2, Dodgers 0: In the National League, in San Francisco, Donell Nixon and Mike Aldrete had run-scoring singles and Dennis Cook pitched a two-hitter that kept Los Angeles from clinching the title in the Western Division.

Reds 2, Braves 1: In Atlanta, a single by Kal Daniels broke an eighth-inning tie and handed the Braves their 102d loss of the year.

Padres 9, Astros 1: In San Diego, Greg Harris pitched a four-hitter and struck out 11 in his first major-league start as the Padres breezed to their fourth straight triumph.

Feeney: Farewell Gesture

Compiled by Our Staff From Dispatches

SAN DIEGO — Charles (Chub) Feeney announced his retirement as president of the San Diego Padres late Sunday, a day after he made an obscene gesture to a group of fans.

Feeney, 67, said the incident at Saturday night's game had no bearing on the matter. "This was a decision I made about 10 days ago," he said before Sunday's game. "I will not be coming back next year."

Feeney, a former president of the National League, came out of retirement to become San Diego's president when Ballard Smith resigned in June 1987. He has been criticized for tight fiscal policies in the free-agent market.

A group marched through the stands at Saturday's game carrying a banner emblazoned, "Scrub Chub." Feeney walked to the front of the owner's box and made an obscene gesture: guards whisked away two fans carrying the banner. Feeney waved and then returned to the rear of the enclosure amid boos from many in the crowd of 21,252.

Feeney apologized for the incident on Sunday. "It was a totally inappropriate gesture in a moment of frustration which I wish with all my heart had never occurred," he said. *(UPI, AP)*

SCOREBOARD

BASEBALL

Major League Leaders

AMERICAN LEAGUE

	G	AB	R	H	Pct.
Boggs, Bos	149	566	124	206	.364
Puckett, Min	152	633	102	224	.354
Greenwell, Bos	152	568	84	189	.333
Winfield, NY	147	551	95	180	.327
Molitor, Mil	149	593	111	187	.315
Hrbek, Min	141	505	75	157	.311
Mattingly, NY	137	569	89	177	.311
Trammell, Det	128	466	72	145	.311
Brett, KC	152	572	87	177	.309
Yount, Mil	157	602	92	186	.309

Runs: Boggs, Boston, 124; Canseco, Oakland, 118; Henderson, New York, 116; Molitor, Milwaukee, 111; Puckett, Minnesota, 102.

RBIs: Canseco, Oakland, 120; Greenwell, Boston, 117; Puckett, Minnesota, 117; Evans, Boston, 107; Winfield, New York, 107.

Hits: Puckett, Minnesota, 224; Boggs, Boston, 206; Greenwell, Boston, 189; Molitor, Milwaukee, 187; Yount, Milwaukee, 186.

Doubles: Boggs, Boston, 42; Brett, Kansas City, 41; Puckett, Minnesota, 40; Greenwell, Boston, 39; Fernandez, Toronto, 38; Ray, California, 38.

Triples: Reynolds, Seattle, 11; Wilson, Kansas City, 11; Yount, Milwaukee, 11; Greenwell, Boston, 8; 4 are tied with 7.

Home Runs: Canseco, Oakland, 41; McGriff, Toronto, 33; McGwire, Oakland, 30; Gaetti, Minnesota, 28; Murray, Baltimore, 28.

Stolen Bases: Henderson, New York, 88; Pettis, Detroit, 44; Molitor, Milwaukee, 41; Canseco, Oakland, 40; Wilson, Kansas City, 34.

PITCHING (15 decisions)

Won-Lost/Winning Pct. ERA: Hurst, Boston, 18-5, .783, 3.79; Viola, Minnesota, 23-7, .767, 2.54; Gubicza, Kansas City, 19-7, .731, 2.77; G. Davis, Oakland, 16-6, .727, 3.54; Key, Toronto, 11-5, .688, 3.53.

Strikeouts: Clemens, Boston, 287; Langston, Seattle, 228; Viola, Minnesota, 190; Higuera, Milwaukee, 187; Stewart, Oakland, 182.

Saves: Eckersley, Oakland, 44; Reardon, Minnesota, 40; D. Jones, Cleveland, 34; Thigpen, Chicago, 33; Plesac, Milwaukee, 30.

NATIONAL LEAGUE

	G	AB	R	H	Pct.
Gwynn, SD	130	509	64	159	.312
Palmeiro, Chi	145	554	69	170	.307
Galarraga, Mon	150	591	95	180	.305
G. Perry, Atl	136	528	57	160	.303
Dawson, Chi	150	569	70	168	.295
Grace, Chi	127	457	60	135	.295
Larkin, Cin	145	565	88	166	.294
McReylds, NY	141	531	80	155	.292
Daniels, Cin	136	481	93	140	.291
Law, Chi	144	532	69	155	.291
Van Slyke, Pit	148	561	97	163	.291

Runs: Butler, S.F., 109; Gibson, L.A., 105; Bonds, Pitt., 97; Clark, S.F., 97; Strawberry, N.Y., 97; Van Slyke, Pitt., 97.

RBIs: Clark, S.F., 105; G. Davis, Hou., 98; McReynolds, N.Y., 97; Strawberry, N.Y., 96; Van Slyke, Pitt., 95.

Hits: Galarraga, Montreal, 180; Palmeiro, Chicago, 170; Sax, Los Angeles, 169; Dawson, Chicago, 168; Larkin, Cincinnati, 166.

Doubles: Galarraga, Montreal, 42; Sabo, Cincinnati, 40; Palmeiro, Chicago, 39; Bream, Pittsburgh, 35; D. Murphy, Atlanta, 35.

Triples: Van Slyke, Pittsburgh, 15; Coleman, St. Louis, 10; Butler, San Francisco, 9; G. Young, Houston, 8; Gant, Atlanta, 8; Samuel, Philadelphia, 8; Sandberg, Chicago, 8.

Home Runs: Strawberry, New York, 36; G. Davis, Houston, 30; Clark, San Francisco, 28; Galarraga, Montreal, 28; E. Davis, Cincinnati, 26; McReynolds, New York, 26.

Stolen Bases: Coleman, St. Louis, 81; G. Young, Houston, 61; O. Smith, St. Louis, 55; Sabo, Cincinnati, 46; O. Nixon, Montreal, 43.

PITCHING (15 decisions)

Won-Lost/Winning Pct. ERA: Cone, New York, 19-3, .864, 2.23; Perrett, Montreal, 12-3, .800, 2.63; Browning, Cincinnati, 17-5, .773, 3.34; D. Jackson, Cincinnati, 23-7, .767, 2.58; Hershiser, Los Angeles, 23-8, .742, 2.35.

Strikeouts: Ryan, Houston, 228; Cone, New York, 206; DeLeon, St. Louis, 194; Scott, Houston, 185; Fernandez, New York, 178.

Saves: Franco, Cin., 37; Gott, Pitt., 33; Worrell, St. L., 32; Ma. Davis, S.D., 27; Bedrosian, Phil., 26; D. Smith, Hou., 26.

Sunday's Line Scores

AMERICAN LEAGUE

First Game

Detroit 000 100 001—2 6 2
Baltimore 100 000 000—1 1 0

Morris and Nokes; Williamson, Olson (9) and Tettleton. W—Morris, 14-13. L—Williamson, 5-7. HR—Det., Da.Evans (21).

Second Game

Detroit 000 210 004—7 6 0
Baltimore 200 200 000—4 6 0

Alexander, Hernandez (9) and Heath; Bautista, Thurmond (6), Niedenfuer (9) and Nichols. W—Alexander, 14-11; L—Niedenfuer, 3-4. Sv—Hernandez (10). HRs—Det., Murphy (4), Lovullo (1), Lynn (24); Balt., Gerhart (9).

Seattle 000 303 020—8 14 0
Texas 500 000 000—5 5 0

Campbell, Wilkinson (1), Walter (5), Schooler (9) and Valle; Brown, McMurtry, Vande Berg (8), Henry (8), Guante (8), Jeffcoat (9) and Petralli, Kreuter. W—Walter, 1-0; L—McMurtry, 2-3. Sv—Schooler (14). HRs—Sea., Buhner (12); Tex., McDowell (6).

Minnesota 020 000 121—6 11 0
California 011 000 000—2 9 3

Viola, Berenguer (8) and Laudner; Petry, Minton (8) and Miller. W—Viola, 23-7; L—Petry, 3-8. Sv—Berenguer (2). HRs—Minn., Puckett (23); Cal., Downing (24).

Kansas City 001 120 010—5 9 1
Chicago 000 101 004—6 11 0

Leibrandt, Farr (8), Sanchez (9), Montgomery (9) and Owen; Manzanillo, Davis (5), Bittiger (7), Jones (8) and Salas, Fisk. W—Jones, 2-2; L—Sanchez, 2-2. HR—K.C., Tartabull (24).

Boston 300 020 010—6 9 0
New York 000 005 000—5 7 0

Clemens, L.Smith (8) and Gedman; Rhoden, Pena (9) and Skinner. W—Clemens, 18-11. L—Rhoden, 12-11. HRs—Bos., Greenwell (22), Dw.Evans (19).

Toronto 000 000 300—3 10 1
Cleveland 030 000 001—4 10 1

Clancy, Cerutti (2), D.Ward (7); Yett, Gordon (7), Bailes (8) and Allanson. W—Bailes, 9-14. L—D.Ward, 9-3.

Oakland 000 100 100—2 7 0
Milwaukee 011 101 00x—4 8 0

G.Davis, Plunk (7) and Steinbach; Higuera, Crim (7), Bosio (9) and Surhoff. W—Higuera, 15-9. L—G.Davis, 16-6. Sv—Bosio (4). HRs—Mil., Yount (13), Brock (6).

NATIONAL LEAGUE

Montreal 001 030 010—5 12 2
Philadelphia 402 200 00x—8 13 0

De.Martinez, M. Smith (3), Perrett (5), McGaffigan (8), Hesketh (9) and Santovenia; Rawley, M.Maddux (6), Bedrosian (8) and Russell. W—Rawley, 8-16. L—De.Martinez 15-13. Sv—Bedrosian (26). HRs—Mont., Brooks 2 (20). Phil., Jordan (11), Jo. Russell (2).

Chicago 010 200 100—4 13 0
Pittsburgh 010 310 11x—7 11 1

Sutcliffe, Pico (4), Sanderson (6), D.Hall (8) and J.Davis, Dunne, Kramer (5), Medvin (7), Gott (9) and LaValliere. W—Kramer, 1-1. L—Sutcliffe, 13-14. Sv—Gott (33). HRs—Pitt., Bonilla (23), VanSlyke (24).

Cincinnati 100 000 010—2 9 0
Atlanta 001 000 000—1 4 1

Charlton, Dibble (8), Franco (9) and Reed; Blakenship, Assenmacher (8), Alvarez (8) and Virgil. W—Charlton, 4-4. L—Assenmacher, 8-7. Sv—Franco (37).

New York 020 202 200—9 13 1
St. Louis 000 000 010—? 10 1

Cone, McDowell (7), Myers (8) and Sasser; Terry, Dayley (6), Quisenberry (7), Worrell (9) and T.Pena. W—Cone, 19-3. L—Terry, 9-5. Sv—Myers (25). HR—St. L., Guerrero (8).

Houston 001 000 000—1 4 2
San Diego 050 010 30x—9 14 0

Forsch, Meads (5), Childress (7), Agosto (8) and Biggio; G.Harris and Parent. W—Harris, 1-0. L—Forsch, 10-7. HRs—S.D., Parent 2 (5).

Los Angeles 000 000 000—0 2 1
San Francisco 001 001 00x—2 7 1

Belcher and Dempsey; Cook and Manwaring. W—Cook, 2-0. L—Belcher, 11-6.

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	88	67	.568	—
Detroit	84	72	.538	4½
Milwaukee	84	73	.535	5
New York	82	72	.532	5½
Toronto	81	75	.519	7½
Cleveland	73	82	.471	15
Baltimore	53	101	.344	34½

West Division

	W	L	Pct.	GB
x-Oakland	100	56	.641	—
Minnesota	87	69	.558	13
Kansas City	81	74	.523	18½
California	75	82	.478	25½
Chicago	67	87	.435	32
Texas	67	87	.435	32
Seattle	65	90	.419	34½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
x-New York	96	58	.623	—
Pittsburgh	83	71	.539	13
Montreal	78	77	.503	18½
St. Louis	74	82	.474	23
Chicago	73	82	.471	23½
Philadelphia	61	94	.394	35½

West Division

	W	L	Pct.	GB
Los Angeles	91	64	.587	—
Cincinnati	84	71	.542	7
Houston	80	76	.513	11½
San Francisco	80	76	.513	11½
San Diego	78	77	.503	13
Atlanta	52	102	.338	39

(x-clinched division title)

FOOTBALL

NFL Standings

AMERICAN CONFERENCE

East

	W	L	T	Pct.	PF	PA
Buffalo	4	0	0	1.000	74	58
N.Y. Jets	3	1	0	.750	98	[illegible]
Indianapolis	1	3	0	.250	59	[illegible]
Miami	1	3	0	.250	56	[illegible]
New England	1	3	0	.250	54	[illegible]

Central

	W	L	T	Pct.	PF	PA
Cincinnati	4	0	0	1.000	98	67
Houston	3	1	0	.750	89	100
Cleveland	2	2	0	.500	49	67
Pittsburgh	1	3	0	.250	92	104

West

	W	L	T	Pct.	PF	PA
San Diego	2	2	0	.500	57	87
Seattle	2	2	0	.500	65	79
Denver	1	2	0	.333	61	66
L.A. Raiders	1	2	0	.333	76	73
Kansas City	1	3	0	.250	56	74

NATIONAL CONFERENCE

East

	W	L	T	Pct.	PF	PA
Dallas	2	2	0	.500	74	70
N.Y. Giants	2	2	0	.500	87	95
Phoenix	2	2	0	.500	88	87
Washington	2	2	0	.500	88	96
Philadelphia	1	3	0	.250	96	82

Central

	W	L	T	Pct.	PF	PA
Chicago	3	1	0	.750	82	57
Minnesota	3	1	0	.750	100	47
Detroit	1	3	0	.250	65	73
Tampa Bay	1	3	0	.250	60	94
Green Bay	0	4	0	.000	48	95

West

	W	L	T	Pct.	PF	PA
L.A. Rams	4	0	0	1.000	118	65
New Orleans	3	1	0	.750	97	78
San Francisco	3	1	0	.750	109	91
Atlanta	1	3	0	.250	92	103

Sunday's Results

Dallas 26, Atlanta 20
Chicago 24, Green Bay 6
Cincinnati 24, Cleveland 17
Indianapolis 15, Miami 13
Houston 31, New England 6
N.Y. Jets 17, Detroit 10
Minnesota 23, Philadelphia 21
Buffalo 36, Pittsburgh 28
New Orleans 13, Tampa Bay 9
San Diego 24, Kansas City 23
San Francisco 38, Seattle 7
Phoenix 30, Washington 21
L.A. Rams 45, N.Y. Giants 31

Monday's Game

L.A. Raiders at Denver

CFL Standings

Eastern Division

	W	L	T	PF	PA	Pts
Toronto	8	4	0	321	253	16
Hamilton	7	5	0	349	296	14
Winnipeg	6	6	0	266	309	12
Ottawa	1	11	0	211	406	2

Western Division

	W	L	T	PF	PA	Pts
Edmonton	8	4	0	337	241	16
Saskatchwn	8	4	0	342	315	16
Brit Clmb	5	7	0	284	290	10
Calgary	5	7	0	274	294	10

Friday's Result

Calgary 40, British Columbia 32

Saturday's Result

Winnipeg 31, Ottawa 0

Sunday's Results

Toronto 35 Edmonton 22
Saskatchewan 26 Hamilton 24

AUTO RACING

PORTUGESE GRAND PRIX

1. Alain Prost, France, McLaren-Honda (turbo), 1 hour, 37 minutes, 40.958 seconds. 115.961 mph.
2. Ivan Capelli, Italy, March-Judd, 1:37.50.511.
3. Thierry Boutsen, Belgium, Benetton-Ford, 1:38.25.577.
4. Derek Warwick, Britain, Arrows-Megatron (turbo), 1:38.48.377.
5. Michele Alboreto, Italy, Ferrari (turbo), 1:38.52.842.

DRIVER STANDINGS

1. Alain Prost, France, McLaren-Honda, 81 points.
2. Ayrton Senna, Brazil, McLaren-Honda, 76
3. Gerhard Berger, Austria, Ferrari, 37.
4. Thierry Boutsen, Belgium, Benetton-Ford, 25.
5. Michele Alboreto, Italy, Ferrari, 24.

CONSTRUCTOR STANDINGS

1. McLaren-Honda, 157 points.
2. Ferrari, 61.
3. Benetton-Ford, 34.
4. Arrows-Megatron, 20.
5. March-Judd, 19.

GOLF

Top finishers and earnings in the B.C. Open, which ended Sunday on the par-71, 6,966-yard, En-Joie Golf Course in Endicott, New York:

Bill Glasson $90,000	66-68-65-69—268
Bruce Lietzke $44,000	68-71-67-64—270
Wayne Levi $44,000	66-71-66-67—270
Jeff Sluman $22,000	68-70-68-65—271
Don Pooley $22,000	67-66-70-68—271
Ken Green $16,750	66-70-72-65—273
Fred Couples $16,750	70-67-69-67—273
Brad Bryant $16,750	68-68-67-70—273

TRANSITION

BASEBALL

National League

PITTSBURGH—Signed Jim Leyland, manager, to a two-year contract.

BASKETBALL

National Basketball Association

L.A. LAKERS—Signed Milt Wagner, guard.

PHOENIX SUNS—Named Len (Truck) Robinson part-time assistant coach.

SEATTLE—Signed John Lucas, guard, to a one-year contract. Signed Corey Gaines and Avery Johnson, guards, and Ricky Winslow, forward.

FOOTBALL

Canadian Football League

CALGARY—Traded Harold Hallman, defensive lineman, to Toronto completing a deal for Doug Landry, linebacker.

TORONTO—Traded Doug Landry, linebacker, to Calgary for future considerations.

National Football League

PHOENIX—Traded Leonard Smith, safety, to Buffalo for Roland Smith, cornerback, and an undisclosed draft choice.

HOCKEY

National Hockey League

DETROIT—Suspended Bob Probert and Petr Klima, forwards, indefinitely, without pay. Signed Kory Kocur, right wing, to a five-year contract.

COLLEGE

ASHLAND—Named Chris Stokes assistant basketball coach.

ASUZA PACIFIC—Named Jim McDaniels assistant basketball coach.

CALIFORNIA (PA.)—Named Tina Moynihan assistant women's basketball coach.

CORNELL—Named Sam Carpenter assistant lacrosse coach.

METRO ATLANTIC ATHLETIC CONFERENCE—Accepted applications from Canisius, Niagara, Siena and Loyola (Md.) to join the conference beginning in 1989-90.

OHIO STATE—Fired Mike Willson, gymnastics coach.

ST. JOHN'S—Named Larry Nastosi assistant hockey coach and Ed LaMarr assistant baseball coach.

TENNIS

MEN'S TOURNAMENT

(At Los Angeles)

Semifinals

Andre Agassi (1), U.S., def. John McEnroe (3), U.S., 6-4, 0-6, 6-4.

Mikael Pernfors (4), Sweden, def. Kevin Curren (2), U.S., 7-6 (9-7), 6-4.

Final

Pernfors def. Agassi, 6-2, 7-5.

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Luxembourg	L.Fr.	49 49 60	11,000	7,200	6,000	3,300
Netherlands**	Fl.	06-022 08 15	600	492	340	185
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SPORTS / 1988 SUMMER OLYMPICS

Defense Rules for U.S. Basketball Team

By Dave Anderson
New York Times Service

SEOUL — After the United States opened the Olympic basketball tournament with a 97-53 rout of Spain, John Thompson was just about finished answering questions. But suddenly the American coach from Georgetown University was asked to comment on some people's theory that Dan Majerle, the only white player on the U.S. team, had been a token selection.

"When I hear ignorance," Thompson said firmly, "I don't respond to it."

Thompson didn't respond, but he didn't forget. If he always has a white towel slung over one shoulder, his craw is always slung over the other. And that question stuck in it. After the United States had stunned Brazil, 102-87, he was talking about how Majerle had covered Oscar Schmidt.

"We had to have somebody who would stay on him," the coach said. "We had to have someone who's not only a strong person, but a stubborn person. Danny fits all that. Helluva player for a token, ain't he."

In assembling the American team that will oppose the Soviet Union in a semifinal, Thompson sought strong, stubborn players that reflect his strong, stubborn desire for a strong, stubborn defense. Such as Majerle, a sturdy 6-foot-5-inch (1.9-meter) tree trunk out of Central Michigan who was the first draft choice of the Phoenix Suns of the National Basketball Association.

Dee-fense has been Thompson's philosophy at Georgetown. And it's his philosophy here in going for the gold medal that the United States is always expected to win.

But the last time the United States opposed the Russians in basketball, in 1972 at Munich, the Americans finished second. In the tumult and the shouting over three seconds twice being restored to the clock, the Russians won the gold medal, 51-50, at the buzzer.

"I was just a little kid, but I remember seeing that game," recalled David Robinson, the 7-foot center. "I didn't understand the importance of it. I just felt we got cheated. Hopefully, we won't let ourselves get in that position here."

Thompson's emphasis on defense won't let them. Among the onlookers at Monday's 94-57 victory over Puerto Rico was Lute Olson, the University of Arizona coach whose best player, Sean Elliott, was cut during tryouts for the U.S. team.

"John's done a tremendous job in putting together a team that he's comfortable with," Olson said. "I didn't see anyone out there who didn't get in their man's face. This is the best defensive team I've ever seen in the Olympics."

As the only unbeaten team in these Olympics, the Americans have had only one close game, a 76-70 victory over Canada. And more than most, Jack Donohue, the Canada coach, appreciates what Thompson has done. Donohue once was the Power Memorial coach when Kareem Abdul-Jabbar was known as Lew Alcindor in high school. He later was the Holy Cross coach before taking over Canada's basketball program.

"The problem John has is the problem all U.S. coaches have," Donohue said. "He has an all-star team playing together for only a short time with little international experience. In that situation, a coach can go one of two ways. You can get the best players you can and decide how you're going to play, but you might not have enough time to do that. Or you get the players to fit your philosophy, like John did. John did it the right way."

Among those who learned to fit Thompson's philosophy is Robinson, the navy ensign who has signed a $25 million 10-year contract with the San Antonio Spurs of the NBA for 1989 delivery.

"Coach Thompson is constantly demanding that you improve," Robinson said. "I don't think that's bad. If it's left up to you, you may be easy on yourself. But he's never easy on you. He knows I'm capable of doing a lot and making an impact on the game. He's got me to be much more alert. To move my arms, move my feet."

That's basic defense. But many basketball coaches are more concerned with offense. Thompson emphasizes defense.

"And it's a player's job," Robinson said, "to adjust to the coach. He's very effective at getting his point across."

Robinson adjusted to Thompson when the coach ordered him to get in better shape last spring, or else. In order to let him concentrate on conditioning, he was transferred to the Naval Academy at Annapolis, where he had been an all-America.

Once in proper condition, Robinson then had to adjust to more of a defensive role.

"It's different," he said. "I don't get the ball 30 times a game in the paint like I did at Navy. I play a different role, but I'm very confident in what I do for this team. I like pressure. You tell me I can't do something, I'll get it done."

In the Americans' balanced scoring, Majerle has averaged 14.3 points, Danny Manning 13.5 and Robinson 11.8. Manning, drafted by the Los Angeles Clippers, has 41 rebounds, Robinson 35 and Majerle 27.

But when Thompson looks at videotapes of the Olympic games, he looks primarily at what happened on defense.

"Our kids have always put forth the intensity and the effort," the coach said. "But when I look at the tapes, I can always find a lot of criticism."

Hearing that, Robinson chuckled. Like everyone else who's around John Thompson, he knows that the coach's defensive philosophy is as as strong and stubborn as the coach himself. As the Russians will discover.

Romeo Gacad/Agence France-Presse

Jonathan Eastland/The Associated Press

Sue Ogrocki/Reuters

Masaharu Sagawara/Agence France-Presse

Paul Ereng took a flag-waving victory lap and the French team in the Tornado competition, Nicolas Henard, left, and Jean-Yves Le Deroff, flashed across the finish line. Bottom, left to right, Greg Louganis showed well in a platform dive, and Zhang Ying gestured while Muriel Hermine jumped during synchronized swimming.

OLYMPIC NOTEBOOK

Compiled by Our Staff From Dispatches

"Ah-hah," said the security man at Dulles Airport outside Washington, D.C., as I opened my suitcase for inspection before taking off for Korea. He scrutinized the contents:

Two jars of peanut butter, jelly, crackers, plastic knives, assorted cookies, raisins, peanut butter cheese crackers and some Hershey's Kisses.

A plain-food freak and degenerate snacker, I hoped to survive the Olympics living out of my suitcase.

But the plan went awry. "What I've got to have," I said to a friend, "is a grilled cheese sandwich."

To my surprise, he said, "I know just the place." We went to a counter in the main press center. In a corner was a little lunch counter that I had missed.

There, I was introduced to Sur K.H., who turned the Games around for me. Sur makes as good a grilled cheese as I've ever tasted.

Sometimes it comes up Swiss. Sometimes American. Sometimes a little of each. You never know. It's a triple-decker, too. The fries are great. Marble cake, spectacular. I couldn't ask for more. William Gildea — *The Washington Post*

□ □ □

Davide Tizzano, an Italian rower, will go home with a gold medal after all. Tizzano, a member of the quadruple sculls crew, lost the medal on Sunday when he took a victory dip near the dock.

Monday afternoon, a Korean scuba diver, Kang Su Nam, found it under six inches (15 centimeters) of mud in water about 12 feet deep.

"I saw the Italian rower get the gold medal and I saw him again looking very disappointed" when he lost it, said Kang. "I was very excited and very happy to find it." So was Tizzano.

□ □ □

"We just wrote our names in the record book of blunders," said Charlie Jones. He, along with Frank Shorter, his NBC co-announcer, had mis-identified the winner of the men's 800-meter final Monday as Nixon Kiprotich of Kenya. It actually was his countryman, Paul Ereng. Both runners were wearing red shorts and white jerseys, but Ereng passed Kiprotich in the final turn.

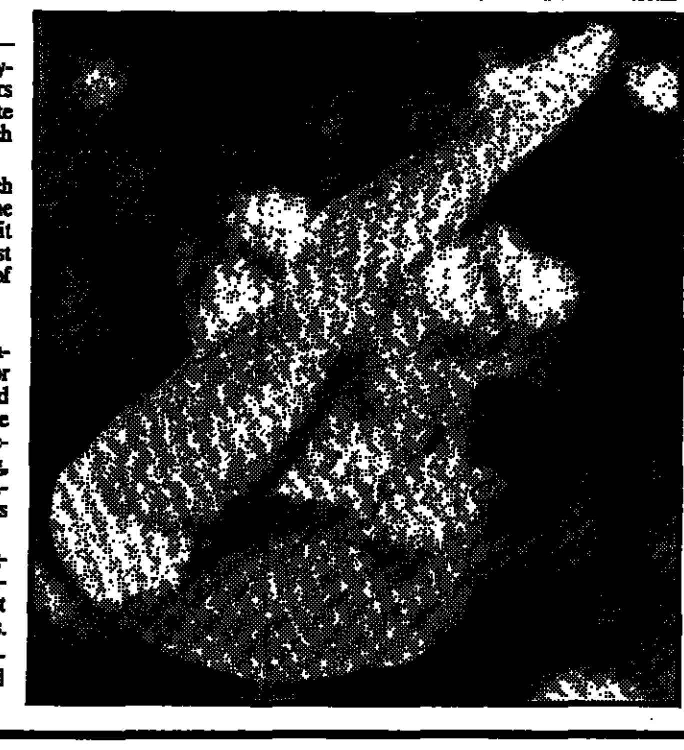
Jones and Shorter didn't catch their mistake until the end of the first replay. In reporting the goof, it took The Associated Press almost as long to correct its misspelling of Kiprotich's name.

□ □ □

Lori Strong, a 16-year-old Canadian gymnast, completed her floor routine without realizing she had broken her right leg. Afterward, she went to the medical center and doctors gave her the bad news. Strong, now being pushed around the athletes village in a wheelchair, says she'll need six weeks to recover.

Also on the injury list was Siegfried Wentz of West Germany, silver medalist in the decathalon at last year's world championships. She has withdrawn from the Olympics with a sore ankle and returned home.

Bruno Torres/The Associated Press



OLYMPIC RESULTS

MEDALS

(Through Monday, Sept. 26 — Day 10)

	G	S	B	Tot
Soviet Union	33	16	26	75
East Germany	27	21	19	67
United States	14	16	14	44
Romania	5	9	7	21
Bulgaria	7	7	6	20
China	3	8	9	20
West Germany	7	6	5	18
Hungary	8	5	2	15
Britain	3	6	6	15
South Korea	3	3	5	11
Italy	4	3	3	10
Australia	1	4	3	8
Poland	1	4	3	8
Japan	1	2	4	7
New Zealand	1	0	6	7
France	2	2	3	7
Sweden	0	2	3	5
Czechoslovakia	2	2	0	4
Netherlands	2	2	0	4
Yugoslavia	2	0	2	4
Canada	1	1	2	4
Finland	1	1	2	4
Norway	2	1	0	3
Switzerland	0	2	1	3
Denmark	1	1	0	2
Kenya	1	0	1	2
Morocco	1	0	1	2
Spain	0	0	2	2
Portugal	1	0	0	1
Surinam	1	0	0	1
Turkey	1	0	0	1
Brazil	0	1	0	1
Chile	0	1	0	1
Costa Rica	0	1	0	1
Senegal	0	1	0	1
Belgium	0	0	1	1
Greece	0	0	1	1

TRACK AND FIELD

FINALS

MEN'S 110-METER HURDLES

1. Roger Kingdom, U.S., 12.98 (Olympic record; old record 13.17, by Roger Kingdom, U.S., Seoul, 1988). 2. Colin Jackson, Britain, 13.28. 3. Tonie Campbell, U.S., 13.38. 4. Vladimir Chichkine, Soviet Union, 13.51. 5. Jonathan Ridgeon, Britain, 13.52. 6. Tony Jarrett, Britain, 13.54. 7. Mark McKoy, Canada, 13.61. 8. Arthur Blake, U.S., 13.96.

MEN'S 800 METERS

1. Paul Ereng, Kenya, 1:43.45. 2. Joaquim Cruz, Brazil, 1:43.90. 3. Said Aouita, Morocco, 1:44.06. 4. Peter Elliott, Britain, 1:44.12. 5. Johnny Gray, U.S., 1:44.80. 6. Jose Barbosa, Brazil, 1:46.39. 7. Donato Sabia, Italy, 1:48.03. 8. Nixon Kiprotich, Kenya, 1:49.55.

MEN'S 10,000 METERS

1. Moulay Brahim Boutaib, Morocco, 27:21.46 (Olympic record; old record 27:38.34, by Lasse Viren, Finland, Munchen, 1972). 2. Salvatore Antibo, Italy, 27:23.55. 3. Kipkemboi Kimeli, Kenya, 27:25.16. 4. Jean-Louis Prianon, France, 27:36.43. 5. Arturo Barrios, Mexico, 27:39.32. 6. Hansjörg Kunze, East Germany, 27:39.35. 7. Paul Arpin, France, 27:39.36. 8. Moses Tanui, Kenya, 27:47.23. 9. Marti Ten Kate, Netherlands, 27:50.30. 10. Antonio Prieto, Spain, 27:52.78. 11. Mauricio Gonzalez, Mexico, 27:59.90. 12. Evgueni Ignatov, Bulgaria, 28:09.32. 13. Antonio Pinto, Portugal, 28:09.53. 14. Kozo Akutsu, Japan, 28:09.70. 15. Rolando Vera, Ecuador, 28:17.64. 16. John Halvorsen, Norway, 28:29.21. 17. Shuichi Yoneshige, Japan, 29:04.44. 18. Bruce Bickford, U.S., 29:09.74.

MEN'S HAMMER THROW

1. Sergei Litvinov, Soviet Union, 278 feet, 2½ inches (84.80 meters) (Olympic record; old record 268 feet, by Yuriy Sedykh, Soviet Union, Moscow, 1980). 2. Yuri Sedykh, Soviet Union, 274-9½. 3. Iouri Tamm, Soviet Union, 266-3. 4. Ralf Haber, East Germany, 263-10¾. 5. Heinz Weis, West Germany, 259-8¼. 6. Tibor Gecsek, Hungary, 257-1. 7. Imre Szitas, Hungary, 252-9. 8. Ivan Tanev, Bulgaria, 249-7. 9. Harri Huhtala, Finland, 247-3½. 10. Johann Lindner, Austria, 247-2¾. 11. Tore Gustafsson, Sweden, 243-6¾. 12. Gunther Rodehau, East Germany, 237-4¾.

MEN'S LONG JUMP

1. Carl Lewis, U.S., 28 feet, 7½ inches (8.72 meters). 2. Mike Powell, U.S., 27-10. 3. Larry Myricks, U.S., 27-1½. 4. Giovanni Evangelisti, Italy, 26-6. 5. Antonio Corgos, Spain, 26-4. 6. Laszlo Szalma, Hungary, 26-2¾. 7. Norbert Brige, France, 26-1¼. 8. Leonid Volochine, Soviet Union, 25-10½. 9. Pang Yan, China, 25-9¾. 10. Jarmo Karna, Finland, 25-7¾. 11. Emiel Mellaard, Netherlands, 25-3½. 12. Mark Forsythe, Britain, 24-8¾.

WOMEN'S 400 METERS

1. Olga Bryzguina, Soviet Union, 48.65 (Olympic record; old record 48.83, by Valerie Brisco-Hooks, U.S., Los Angeles, 1984). 2. Petra Müller, East Germany, 49.45. 3. Olga Nazarova, Soviet Union, 49.90. 4. Valerie Brisco, U.S., 50.16. 5. Diane Dixon, U.S., 50.72. 6. Denean Howard, U.S., 51.12. 7. Helga Arendt, West Germany, 51.17. 8. Maree Holland, Australia, 51.25.

WOMEN'S 800 METERS

1. Sigrun Wodars, East Germany, 1:56.10. 2. Christine Wachtel, East Germany, 1:56.64. 3. Kim Gallagher, U.S., 1:56.91. 4. Slobodanka Colovic, Yugoslavia, 1:57.50. 5. Delisa Floyd, U.S., 1:57.80. 6. Inna Evseeva, Soviet Union, 1:59.37. 7. Teresa Zuniga, Spain, 1:59.82. 8. Diane Edwards, Britain, 2:00.77.

WOMEN'S JAVELIN

1. Petra Felke, East Germany, 245 feet (Olympic record; old record 222-2, by Tessa Sanderson, Britain, Los Angeles, 1984). 2. Fatima Whitbread, Britain, 230-8¼. 3. Beate Koch, East Germany, 220-9½. 4. Irina Kostioutchenkova, Soviet Union, 219-9¾. 5. Silke Renk, East Germany, 217-9¼. 6. Natalia Ermolovitch, Soviet Union, 212-8½. 7. Donna Mayhew, U.S., 202-8¼. 8. Ingrid Thyssen, West Germany, 199-4. 9. Denise Thiemard, Switzerland, 192-0½. 10. Paivi Alafrantti, Finland, 190-11¼. 11. Antoaneta Selenska, Bulgaria, 186-3¼. 12. Zsuzsa Malovecz, Hungary, 179-0¾.

MEN'S 110-METER HURDLES

Semifinals

(Top 4 in each heat advance to finals)

Heat 1—1, Vladimir Chichkine, Soviet Union, 13.46. 2. Tonie Cambell, U.S., 13.47. 3. Colin Jackson, Britain, 13.55. 4. Jonathan Ridgeon, Britain, 13.68. 5. Stephane Caristan, France, 13.71. 6. Carlos Sala, Spain, 13.85. 7. Alain Cuypers, Belgium, 13.92. 8. Richard Buckner, Jamaica, 13.98.

Heat 2—1, Roger Kingdom, U.S., 13.27. 2. Arthur Blake, U.S., 13.52. 3. Mark McKoy, Canada, 13.54. 4. Tony Jarrett, Britain, 13.56. 5. Jiri Hudec, Czechoslovakia, 13.73. 6. Yu Zhicheng, China, 13.94. 7. Philippe Tourret, France, 13.96. 8. Mikael Ylostalo, Finland, 14.09.

MEN'S 200 METERS

ROUND 1

(Top 3 in each heat, next 10 fastest overall)

Heat 1—1, Roy Martin, U.S., 20.65 seconds. 2. Michael Rosswess, Britain, 20.95. 3. Harouna Pale, Burkina Faso, 21.33. 4. Nchinda Samuel-Kaya, Cameroon, 21.45. 5. Henri Ndinga, Congo, 21.66. 6. Fabian Muyaba, Zimbabwe, 21.66. 7. Markus Buchel, Liechtenstein, 22.02. 8. Alam Md Shah Alam, Bangladesh, 22.52.

Heat 2—1, Gilles Queneherve, France, 20.55. 2. Kenji Yamauchi, Japan, 20.98. 3. Isiaq Adeyanju, Nigeria, 21.10. 4. Chang Jae-Keun, South Korea, 21.27. 5. Lee Shiunn-Long, Taiwan, 21.53. 6. Owf A. Vousif, Iraq, 21.88. 7. Takale Tuna, Papua New Guinea, 21.95. 8. Sahim Saleh Mehdi, South Yemen, 22.95.

Heat 3—1, Atlee Anthony Mahorn, Canada, 20.55. 2. Ralf Lubke, West Germany, 20.81. 3. Oliver Daniels, Liberia, 21.59. 4. Wing Kwong Leung, Hong Kong, 21.69. 5. Sunday Olweny, Uganda, 21.79. 6. Muhammad Afzal, Pakistan, 21.89. 7. Mohamed Al Bishi, Saudi Arabia, 22.09.

Heat 4—1, John Regis, Britain, 20.90. 2. Clive Wright, Jamaica, 20.94. 3. Ibrahima Tamba, Senegal, 21.68. 4. Issa Alassane-Ousseni, Benin, 21.74. 5. Maloni Bole, Fiji Islands, 22.44. 6. Cloudeg Raumain, Haiti, 22.60.

Heat 5—1, Joe Deloach, U.S., 20.98. 2. Mark Garner, Australia, 21.09. 3. Edgardo Guilbe, Puerto Rico, 21.09. 4. Andreas Berger, Austria, 21.29. 5. Henrike Atkins, Barbados, 21.98. 6. Robert Loua, Guinea, 22.78.

Heat 6—1, Kennedy Ondiek, Kenya, 20.79. 2. Troy Douglas, Bermuda, 20.91. 3. Attila Kovacs, Hungary, 20.98. 4. Pietro Mennea, Italy, 21.10. 5. Lindel Hodge, British Virgin Islands, 21.78. 6. Abdullah Al-Khalidi, Oman, 21.82. 7. Andre Francois, St. Vincent, 21.88. 8. Ismail Asif, Maldives, 23.17.

Heat 7—1, Linford Christie, Britain, 21.05. 2. Bruno Marie-Rose, France, 21.11. 3. Courtney Brown, Canada, 21.45. 4. Luis Cunha, Portugal, 21.72. 5. Carlos Moreno, Chile, 22.13. 6. Odio Silweya, Malawi, 22.24. 7. Pacuope Suli, Tonga, 22.49.

Heat 8—1, Cyprian Enweani, Canada, 20.65. 2. Daniel Sangouma, France, 20.70. 3. Patrick Stevens, Belgium, 20.84. 4. Norbert Dobeleit, West Germany, 20.86. 5. Li Feng, China, 21.33. 6. Ousmane Diarra, Mali, 21.55. 7. Abdalla Ahmed, Libya, 22.11. 8. Minh Nguyen Dinh, Vietnam, 22.65.

Heat 9—1, Robson Silva, Brazil, 21.12. 2. Luis Barroso, Portugal, 21.31. 3. Jimmy Flemming, Virgin Islands, 21.33. 4. Alexandre Yougbare, Burkina Faso, 22.14. 5. Gustavo Envela Mahua, Equatorial Guinea, 22.33. 6. Benny Kgaroametso, Botswana, 22.79.

Heat 10—1, Stefano Tilli, Italy, 20.68 seconds. 2. Carl Lewis, Houston, 20.72. 3. Olapade Adeniken, Nigeria, 20.77. 4. John Myles-Mills, Ghana, 21.04. 5. Mostafa-Kamel Selmi, Algeria, 21.24. 6. Howard Lindsay, Antigua, 21.78. 7. Jerry Jeremiah, Vanuatu, 22.81.

ROUND 2

(Top 3 in each heat advance to semifinals, next fastests overall)

Heat 1—1, Carl Lewis, U.S., 20.57. 2. John Regis, Britain, 20.61. 3. Cyprian Enweani, Canada, 20.62. 4. Edgardo Guilbe, Puerto Rico, 20.73. 5. Kenji Yamauchi, Japan, 20.94. 6. Jimmy Flemming, Virgin Islands, 21.23. 7. Mostafa-Kamel Selmi, Algeria, 21.26. 8. Ousmane Diarra, Mali, 21.46.

Heat 2—1, Bruno Marie-Rose, France, 20.48. 2. Roy Martin, U.S., 20.54. 3. Troy Douglas, Bermuda, 20.70. 4. Kennedy Ondiek, Kenya, 20.79. 5. Attila Kovacs, Hungary, 21.19. 6. Lee Shiunn-Long, Taiwan, 21.34. 7. Harouna Pale, Burkina Faso, 21.35.

Heat 3—1, Linford Christie, Britain, 20.49. 2. Atlee Anthony Mahorn, Canada, 20.59. 3. Ralf Lubke, West Germany, 20.80. 4. Luis Barroso, Portugal, 20.81. 5. Patrick Stevens, Belgium, 20.94. 6. John Myles-Mills, Ghana, 20.95. 7. Andreas Berger, Austria, 21.48. 8. Ibrahima Tamba, Senegal, 21.93.

Heat 4—1, Joe Deloach, U.S., 20.56 seconds. 2. Gilles Queneherve, France, 20.77. 3. Olapade Adeniken, Nigeria, 20.92. 4. Norbert Dobeleit, West Germany, 20.98. 5. Mark Garner, Australia, 21.08. 6. Chang Jae-Keun, South Korea, 21.35. 7. Li Feng, China, 21.38. 8. Oliver Daniels, Liberia, 22.25.

Heat 5—1, Robson Silva, Brazil, 20.41. 2. Stefano Tilli, Italy, 20.67. 3. Michael Rosswess, Britain, 20.74. 4. Daniel Sangouma, France, 20.81. 5. Clive Wright, Jamaica, 20.87. 6. Isiaq Adeyanju, Nigeria, 21.01. 7. Courtney Brown, Canada, 21.18. 8. Nchinda Samuel-Kaya, Cameroon, 21.39.

SEMIFINALS START LISTS

Heat 1—1, John Regis, Britain. 2. Stefano Tilli, Italy. 3. Robson Silva, Brazil. 4. Carl Lewis, U.S. 5. Roy Martin, U.S. 6. Atlee Anthony Mahorn, Canada. 7. Ralf Lubke, West Germany. 8. Gilles Queneherve, France.

Heat 2—1, Troy Douglas, Bermuda. 2. Edgardo Guilbe, Puerto Rico. 3. Linford Christie, Britain. 4. Cyprian Enweani, Canada. 5. Bruno Marie-Rose, France. 6. Joe Deloach, U.S. 7. Michael Rosswess, Britain. 8. Olapade Adeniken, Nigeria.

MEN'S 400 METERS

Semifinals

(Top 4 in each heat advance to finals)

Heat 1—1, Steven Lewis, U.S., 44.35. 2. Danny Everett, U.S., 44.36. 3. Darren Clark, Australia, 44.38. 4. Bertland Cameron, Jamaica, 44.50. 5. Susumu Takano, Japan, 44.98. 6. Jens Carlowitz, East Germany, 45.08. 7. Gerson Souza, Brazil, 45.27. 8. Tomasz Jedrusik, Poland, 46.17.

Heat 2—1, Butch Reynolds, U.S., 44.33. 2. Ian Morris, Trinidad and Tobago, 44.60. 3. Mohamed Amer Al-Malki, Oman, 44.69. 4. Innocent Egbunike, Nigeria, 44.74. 5. Thomas Schoenlebe, East Germany, 44.90. 6. Howard Davis, Jamaica, 45.48. 7. Devon Morris, Jamaica, 45.68. 8. Brian Whittle, Britain, 46.07.

FINALS START LIST

1. Mohamed Amer Al-Malki, Oman. 2. Bertland Cameron, Jamaica. 3. Butch Reynolds, U.S. 4. Danny Everett, U.S. 5. Darren Clark, Australia. 6. Steven Lewis, U.S. 7. Innocent Egbunike, Nigeria. 8. Ian Morris, Trinidad and Tobago.

MEN'S 3,000-METER STEEPLECHASE

ROUND 1

(Top 7 in each heat advance with next 5 fastest overall)

Heat 1—1, Raymond Pannier, France, 8:30.94. 2. Mark Rowland, Britain, 8:31.40. 3. Peter Koech, Kenya, 8:31.66. 4. Alessandro Lambruschini, Italy, 8:32.59. 5. Adauto Domingues, Brazil, 8:32.77. 6. Henry Marsh, Bountiful, Utah, 8:33.89. 7. Hans Koeleman, Netherlands, 8:35.20. 8. Hector Begeo, Philippines, 8:46.60. 9. Ramon Lopez, Paraguay, 8:56.06. 10. Davendra Singh, Fiji Islands, 9:22.50.

Heat 2—1, Francesco Panetta, Italy, 8:29.75. 2. Julius Kariuki, Kenya, 8:33.42. 3. Azzeddine Brahmi, Algeria, 8:35.59. 4. Brian Diemer, U.S., 8:38.40. 5. Eddie Wedderburn, Britain, 8:38.90. 6. Boguslaw Maminski, Poland, 8:45.72. 7. Graeme Fell, Canada, 8:51.25. 8. Cho Han-Sik, South Korea, 8:59.82. 9. Ikaji Salum, Tanzania, 9:10.36.

Heat 3—1, Patrick Sang, Kenya, 8:36.11. 2. Jens Volkmann, West Germany, 8:36.37. 3. Hagen Melzer, East Germany, 8:36.45. 4. Brian Abshire, U.S., 8:36.56. 5. William Van Dijck, Belgium, 8:36.80. 6. Bruno Le Stum, France, 8:36.95. 7. Fethi Baccouche, Tunisia, 8:38.67. 8. Roger Hackney, Britain, 8:39.30. 9. Brendan Quinn, Ireland, 8:40.87. 10. Hameed Al Dousari, Saudi Arabia, 8:45.24. 11. Abdullah Al Dosari, Bahrain, 9:10.85.

SEMIFINALS START LIST

Heat 1—1, Eddie Wedderburn, Britain. 2. Patrick Sang, Kenya. 3. Hagen Melzer, East Germany. 4. Boguslaw Maminski, Poland. 5. Henry Marsh, U.S. 6. Hector Begeo, Philippines. 7. Bruno Le Stum, France. 8. William Van Dijck, Belgium. 9. Francesco Panetta, Italy. 10. Peter Koech, Kenya. 11. Adauto Domingues, Brazil. 12. Hans Koeleman, Netherlands. 13. Roger Hackney, Britain.

Heat 2—1, Ramon Lopez, Paraguay. 2. Julius Kariuki, Kenya. 3. Alessandro Lambruschini, Italy. 4. Brian Diemer, U.S. 5. Brian Abshire, U.S. 6. Raymond Pannier, France. 7. Brendan Quinn, Ireland. 8. Graeme Fell, Canada. 9. Jens Volkmann, West Germany. 10. Hameed Al Dousari, Saudi Arabia. 11. Fethi Baccouche, Tunisia. 12. Azzeddine Brahmi, Algeria. 13. Mark Rowland, Britain.

MEN'S POLE VAULT

Qualifying Group 1

1. (tie) Rodion Gataoullina, Soviet Union, 18 feet, ½ inch (5.50 meters) and Sergey Bubka, Soviet Union, 18-½. 3. Grigori Egorov, Soviet Union, 17-10½. 4. Kory Tarpenning, U.S., 17-8½. 4. Earl Bell, U.S., 17-8½. 4. Miroslaw Chmara, Poland, 17-8½. 7. Billy Olson, U.S., 17-8½. 7. Philippe Collet, France, 17-8½. 9. Hermann Fehringer, Austria, 17-8½.

Qualifying Group 2

1. Marian Kolasa, Poland, 17 feet, 8½ inches. 2. Asko Peltoniemi, Finland, 17-8½. 3. Zdenek Lubensky, Czechoslovakia, 17-8½. 3. Philippe D'Encausse, France, 17-8½. 5. Istvan Bagyula, Hungary, 17-8½. 6. Thierry Vigneron, France, 17-8½. 7. Kim Chul-Kyun, South Korea, 17-4½. 8. Paul Just, Canada, 17-4½. Lee Jae-Bok, South Korea, missed. Javier Garcia, Spain, missed. Andrew Ashurst, Britain, missed.

QUALIFIERS FOR FINALS—1, Zdenek Lubensky, Czechoslovakia. 2. Miroslaw Chmara, Poland. 3. Asko Peltoniemi, Finland. 4. Billy Olson, U.S. 5. Philippe D'Encausse, France. 6. Sergei Bubka, Soviet Union. 7. Rodion Gataoullina, Soviet Union. 8. Thierry Vigneron, France. 9. Grigori Egorov, Soviet Union. 10. Istvan Bagyula, Hungary. 11. Hermann Fehringer, Austria. 12. Marian Kolasa, Poland. 13. Earl Bell, U.S. 14. Philippe Collet, France. 15. Kory Tarpenning, U.S.

WOMEN'S 400-METER HURDLES

Semifinals

(Top 4 in each advance to finals)

Heat 1—1, Debra Flintoff-King, Australia, 54.00 (Olympic record; old record 54.58, by Ellen Fiedler, East Germany, Seoul, 1988). 2. Tatiana Ledovskaia, Soviet Union, 54.01. 3. Latanya Sheffield, U.S., 54.36. 4. Sally Gunnell, Britain, 54.48. 5. Anita Protti, Switzerland, 54.56. 6. Susanne Losch, East Germany, 55.54. 7. Genowefa Blaszak, Poland, 56.76. 8. Gretha Tromp, Netherlands, 57.57.

Heat 2—1, Ellen Fiedler, East Germany, 54.28. 2. Tatiana Kourotchkina, Soviet Union, 54.46. 3. Gudrun Abt, West Germany, 54.52. 4. Sabine Busch, East Germany, 54.71. 5. Cristina Perez, Spain, 55.23. 6. Elaine Mclaughlin, Britain, 55.91. 7. Schowanda Williams, U.S., 56.71. 8. Chantal Beaugeant, France, 56.94.

FINALS START LIST

1. Tatiana Kourotchkina, Soviet Union. 2. Sally Gunnell, Britain. 3. Tatiana Ledovskaia, Soviet Union. 4. Latanya Sheffield, U.S. 5. Debra Flintoff-King, Australia. 6. Ellen Fiedler, East Germany. 7. Sabine Busch, East Germany. 8. Gudrun Abt, West Germany.

WOMEN'S 10,000 METERS

ROUND 1

(Top 8 in each heat advance with next 4 fastest overall)

Heat 1—1, Ingrid Kristiansen, Norway, 31 minutes, 44.69 seconds (Olympic record; first time event run). 2. Olga Bondarenko, Soviet Union, 31:47.67. 3. Elena Joupieva, Soviet Union, 31:47.99. 4. Kathrin Ullrich, East Germany, 31:51.40. 5. Susan Lee, Canada, 31:51.42. 6. Francie Larrieu-Smith, U.S., 31:52.02. 7. Albertina Machado, Portugal, 31:52.04. 8. Wang Qinghuan, China, 32:04.52. 9. Rosanna Munerotto, Italy, 32:06.76. 10. Carole Rouillard, Canada, 32:09.08. 11. Carolyn Schuwalow, Australia, 32:10.05. 12. Anne Audain, New Zealand, 32:10.73. 13. Marleen Renders, Belgium, 32:11.49. 14. Martine Bouchonneau-Oppliger, Switzerland, 32:28.26. 15. Ana Isabel Alonso, Spain, 32:40.50. 16. Angela Tooby, Britain, 33:26.57. 17. Xie Lihua, China, 33:28.13. 18. Chung Mi-Ja, South Korea, 33:48.96.

Heat 2—1, Elizabeth McColgan, Britain, 32:11.95. 2. Lioudmila Matveeva, Soviet Union, 32:12.87. 3. Wang Xiuting, China, 32:13.00. 4. Annette Sergent, France, 32:13.45. 5. Albertina Dias, Portugal, 32:13.85. 6. Lynn Nelson, U.S., 32:15.45. 7. Nancy Tinari, Canada, 32:16.27. 8. Lynn Jennings, U.S., 32:18.44. 9. Akemi Matsuno, Japan, 32:19.57. 10. Christine McMiken, New Zealand, 32:20.39. 11. Jane Shields, Britain, 32:46.07. 12. Andri Avraam, Cyprus, 32:59.30. 13. Elhassania Darami, Morocco, 33:01.52. 14. Jacqueline Perkins, Australia, 33:45.22. 15. Lieve Slegers, Belgium, 33:51.36.

QUALIFIERS FOR FINALS—1, Carolyn Schuwalow, Australia. 2. Wang Xiuting, China. 3. Albertina Dias, Portugal. 4. Lynn Nelson, U.S. 5. Ingrid Kristiansen, Norway. 6. Elizabeth McColgan, Britain. 7. Olga Bondarenko, Soviet Union. 8. Francie Larrieu-Smith, U.S. 9. Wang Qinghuan, China. 10. Elena Joupieva, Soviet Union. 11. Kathrin Ullrich, East Germany. 12. Nancy Tinari, Canada. 13. Carole Rouillard, Canada. 14. Lynn Jennings, U.S. 15. Anne Audain, New Zealand. 16. Lioudmila Matveeva, Soviet Union. 17. Albertina Machado, Portugal. 18. Annette Sergent, France. 19. Susan Lee, Canada. 20. Rosanna Munerotto, Italy.

WEIGHTLIFTING

100 KILOGRAMS (220 Pounds)

FINAL

Total—1, Pavel Kouznetsov, Soviet Union, 425.0 kilograms (936¾ pounds) (Olympic record; old record 395.0 kg by Ota Zaremba, Czechoslovakia, Moscow, 1980). 2. Andor Szanyi, Hungary, 407.5. 3. Nicu Vlad, Romania, 402.5. 4. Peter Immesberger, West Germany, 395.0. 5. Janos Bokfi, Hungary, 392.5. 6. Francis Tournefier, France, 385.0. 7. Denis Garon, Canada, 382.5 (body weight 98.65 kg). 8. Hwang Woo-Won, South Korea, 382.5 (body weight 99.15).

Snatch—1, Pavel Kouznetsov, Soviet Union, 190.0 kilograms (Olympic record; old record 180.0 kg by Ota Zaremba, Czechoslovakia, Moscow, 1980). 2. Andor Szanyi, Hungary, 185.0 (body weight 97.30 kg). 3. Nicu Vlad, Romania, 185.0 (body weight 99.50). 4. Janos Bokfi, Hungary, 180.0. 5. Milos Ciernik, Czechoslovakia, 175.0 (body weight 98.55). 6. Peter Immesberger, West Germany, 175.0 (body weight 99.60). 7. Franz Langthaler, Austria, 172.5. 8. Francis Tournefier, France, 170.0.

Clean and Jerk—1, Pavel Kouznetsov, Soviet Union, 235.0 kilograms (Olympic record; old record 217.5 kg by Michael Henning, East Germany, Los Angeles, 1984). 2. Andor Szanyi, Hungary, 222.5 (body weight 97.30 kg). 3. Denis Garon, Canada, 222.5 (body weight 98.65). 4. Hwang Woo-won, South Korea, 220.0 (body weight 99.15). 5. Peter Immesberger, West Germany, 220.0 (body weight 99.60). 6. Nicu Vlad, Romania, 217.5. 7. Francis Tournefier, France, 215.0. 8. Janos Bokfi, Hungary, 212.5.

BASKETBALL

MEN

Quarterfinals

Soviet Union 110, Brazil 105
United States 94, Puerto Rico 57
Australia 77, Spain 74
Yugoslavia 95, Canada 73

Classification for Ninth Place

Central African Republic 63, Egypt 57
South Korea 93, China 90

UNITED STATES (94):

Mitch Richmond 4-5 2-2 10, Charles E. Smith 3-7 3-4 9, Vernell Coles 3-5 2-2 8, Hersey Hawkins 0-0 0-0 0, Jeff Grayer 3-8 0-1 6, Charles D. Smith 2-4 2-2 6, Willie Anderson 3-3 2-2 8, Stacey Augmon 0-0 0-0 0, Dan Majerle 6-12 0-0 13, Danny Manning 7-14 4-4 18, J.R. Reid 2-7 3-3 7, David Robinson 4-6 1-2 9. Totals 37-71 19-22 94.

PUERTO RICO (57):

Jose Ortiz 5-10 0-0 10, Federico Lopez 2-3 0-0 6, Raymond Gause 1-6 3-4 5, Vicente Ithier 1-5 0-0 2, Jerome Mincy 2-7 2-4 6, Roberto Rios 4-10 2-4 10, Angel Cruz 4-9 2-2 12, Ramon Rivas 0-2 0-0 0, Mario Morales 1-6 0-1 2, Edgar Leon 1-2 0-0 2, Francisco Leon 1-1 0-0 2, Ramon Ramos 0-0 0-0 0. Totals 22-61 9-15 57.

Puerto Rico	28	29	— 57
United States	48	46	— 94

Three-point field goals—United States 1-3 (Majerle 1-3); Puerto Rico 4-6 (Lopez 2-2, Cruz 2-4). Fouled out—Rios. Rebounds—United States 33 (Manning 7), Puerto Rico 32 (Mincy 8). Assists—United States 11 (Smith 3), Puerto Rico 7 (Cruz 4). Total fouls—United States 19, Puerto Rico 22. A—8,000.

VOLLEYBALL

Preliminaries

MEN

Italy 3, South Korea 0 (15-10, 15-7, 15-5)
France 3, Argentina 0 (15-7, 15-5, 15-5)
United States 3, Tunisia 0 (15-4, 15-6, 15-4)
Netherlands 3, Japan 0 (15-7, 15-4, 15-8)
Brazil 3, Soviet Union 2 (12-15, 9-15, 15-8, 15-11, 15-6)
Sweden 3, Bulgaria 0 (15-11, 15-12, 15)

BOXING

Third Round

BANTAMWEIGHT (118.8 pounds/54 kg)

Kennedy McKinney, U.S., def. Shahurai Biraidar, India, walkover; Stephen Mwema, Kenya, outpointed Alberto Machaze, Mozambique, 5-0; Phajol Moolsan, Thailand, outpointed Abraham Torres, Venezuela, 3-2; Nyamaa Altankhuyag, Mongolia, outpointed John Lowey, Ireland, 3-2; Jorge Julio Rocha, Colombia, outpointed Rene Breitbarth, East Germany, 4-1; Katsuyuki Matsushima, Japan, outpointed Justin Chikwanda, Zambia, 3-2; Alexandar Hristov, Bulgaria, outpointed Jimmy Mayanja, Sweden, 5-0; Alexandre Artemiev, Soviet Union, outpointed Slimane Zengli, Algeria, 5-0.

FEATHERWEIGHT

Abdelhak Achik, Morocco, knocked out Omar Catari, Venezuela, 3:00 first; Giovanni Parisi, Italy, stopped Mikhak Kazarian, Soviet Union, 1:27 second; Daniel Dumitrescu, Romania, outpointed Wanchai Pongsri, Thailand, 3-2; Jacov Shmuel, Israel, outpointed Richard Pittman, Cook Islands, 5-0; Tomasz Nowak, Poland, outpointed Eugene Seymour, Bahamas, 5-0; Regilio Tuur, Netherlands, stopped David Anderson, Britain, 1:02 second; Lee Jae-hyuk, South Korea, outpointed Kirkor Kirkorov, Bulgaria 3-2; Liu Dong, China, outpointed Serge Bouemba, Gabon, 5-0.

WELTERWEIGHT

Adewale Adegbusi, Nigeria, outpointed Javier Martinez, Spain, 5-0; Jan Dydak, Poland, outpointed Humberto Aranda, Costa Rica 4-1; Hristo Fournigov, Bulgaria, outpointed Abdoukerim Hamidou, Togo, 5-0; Robert Wangila, Kenya, def. Khaidav Gantulga, Mongolia, win by retirement, second; Laurent Boudouani, France, outpointed Darren Obah, Australia, 5-0; Song Kyung-Sup, South Korea, outpointed Siegfried Mehnert, East Germany, 3-2; Kenneth Gould, U.S., outpointed Francis Musoe, American Samoa, 5-0; Joni Nyman, Finland, outpointed Dimus Chisala, Zambia, 5-0.

LIGHT MIDDLEWEIGHT

Richard Woodhall, Britain, outpointed Apolinario Silveira, Angola, 5-0; Rey Rivera, Puerto Rico, knocked out Peter Silva, Brazil, 0:20 first; Evgueni Zaitsev, Soviet Union, stopped Sounaila Sagnon, Burkina Faso, 1:05 second; Park Si-Hun, South Korea, outpointed Torsten Schmitz, East Germany, 5-0; Raymond Downey, Canada, outpointed Abrar-Hussain Syed, Pakistan, 5-0; Vincenzo Nardiello, Italy, knocked out Quinn Paynter, Bermuda, 2:08 second; Martin Kitel, Sweden, outpointed Laurensio Mercado, Ecuador, 3-2; Roy Jones, U.S., outpointed Michal Franek, Czechoslovakia, 5-0.

HEAVYWEIGHT

Maik Heydeck, East Germany, outpointed Juan Antonio Diaz, Argentina, 5-0; Luigi Gaudiano, Italy, outpointed Ramzan Sebiev, Soviet Union, 3-2; Arnold Vanderlijde, Netherlands, outpointed Henry Akinwande, Britain, 3-2; Harold Obunga, Kenya, stopped Tualau Fale, Tonga, 2:39 first; Baik Hyun-Man, South Korea, outpointed Zelkjko Mavrovic, Yugoslavia, 5-0; Andrzej Golota, Poland, outpointed Svilen Roussinov, Bulgaria, 5-0; Ray Mercer, U.S., stopped Rudolf Gavenciak, Czechoslovakia, 0:35 third; Gyula Alvics, Hungary, stopped Tom Glasby, Canada, 1:42 second.

SUPER HEAVYWEIGHT

Lennox Lewis, Canada, stopped Crispine Odera, Kenya, 2:59 second; Alexandre Mirochnitchenko, Soviet Union, outpointed Ali Albaluchi, Kuwait, 5-0; Kim Yoo-Hyun, South Korea, def. Mohamed Hammad, Sudan, win by retirement; Ulli Kaden, East Germany, outpointed Aziz Salihu, Yugoslavia, 5-0; Peter Hrivnak, Czechoslovakia, stopped Petar Stoimenov, Bulgaria, 0:42 second; Janusz Zarenkiewicz, Poland, outpointed Harold Arroyo, Puerto Rico, 5-0; Riddick Bowe, U.S., knocked out Biko Botowamungu, Austria, 2:53 second; Andreas Schnieders, West Germany, outpointed Ovwigbo Ubo, Nigeria, 5-0.

CYCLING

WOMEN'S 82-KM ROAD RACE

FINAL

(Cyclists finish in packs; order determined following race. Many are credited with the same time) 1, Monique Knol, Netherlands, 2 hour, 52 seconds. 2. Jutta Niehaus, West Germany, same time as leader. 3. Laima Zilporitee, Soviet Union, same time. 4. Genevieve Brunet, Canada, same time. 5. Valentina Evpak, Soviet Union, s.t. 6. Maria Blower, Britain, s.t. 7. Marie Holler, Sweden, s.t. 8. Inga Benedict-Thompson, U.S., s.t. 9. Sally Hodge, Britain, s.t. 10. Catherine Marsal, France, s.t. 11. Lisa Brambani, Britain, s.t. 12. Ines Varenkamp, West Germany, s.t. 13. Viola Paulitz, West Germany, s.t. 14. Bunki Bankaitis Davis, U.S., s.t. 15. Imelda Chiappa, Italy, s.t.

TENNIS

MEN'S SINGLES

Quarterfinals

Stefan Edberg, Sweden, def. Paolo Cane, Italy, 6-1, 7-5, 6-4; Miloslav Mecir, Czechoslovakia, def. Michiel Schapers, Netherlands, 3-6, 7-6 7-2, 6-2, 6-4; Brad Gilbert, U.S., def. Martin Jaite, Argentina, 5-7, 6-1, 7-6 (7-1), 6-3; Tim Mayotte, U.S., def. Carl-Uwe Steeb, West Germany, 7-6 (7-4), 7-5, 6-2.

WOMEN'S DOUBLES

Quarterfinals

Elizabeth Smylie and Wendy Turnbull, Australia, def. Larisa Savchenko and Natalia Zvereva, Soviet Union, 6-3, 6-2; Jana Novotna and Helena Sukova, Czechoslovakia, def. Etsuko Inoue and Kumiko Okamoto, Japan, 6-3, 6-2; Pam Shriver and Zina Garrison, U.S., def. Nathalie Tauziat and Isabelle Demongeot, France, 7-5, 6-2; Steffi Graf and Claudia Kohde-Kilsch, West Germany, def. Carling Bassett-Seguso and Jill Hetherington, Canada, 6-3, 3-6, 6-2.

OLYMPICS ON TV

TUESDAY, SEPT. 27

Austria—3:00 A.M.-4:00 P.M., 8:15 P.M.-9:00 P.M., 10:25 P.M.-10:55 P.M. (Ch. 2).

Belgium—7:00 A.M.-7:00 P.M. (T 21).

Brazil—10:00 P.M.-8:00 A.M. (TV Globo).

Britain—midnight Monday-8:55 A.M., 9:05 A.M.-10:25 A.M., 11:05 A.M.-noon, 1:50 P.M.-3:00 P.M., 7:00 P.M.-8:00 P.M. (BBC 1).

Denmark—midnight Monday-5:30 A.M., 6:00 A.M.-9:00 A.M., 10:00 A.M.-2:30 P.M., 5:00 P.M.-6:00 P.M., 9:30 P.M.-11:30 P.M.

Finland—6:15 P.M.-7:35 P.M. (TV 1); 10:20 P.M.-midnight (TV 2).

France—6:00 A.M.-7:30 A.M., 1:20 P.M.-1:30 P.M., 7:05 P.M.-7:18 P.M. (TF 1); 2:30 P.M.-5:10 P.M., 7:10 P.M.-7:30 P.M. (Antenne 2); 1:00 P.M.-2:30 P.M., 6:00 P.M.-7:00 P.M., 10:40 P.M.-10:50 P.M. (FR 3) (Programming on Antenne 2 and FR 3 is tentative due to journalist strike.)

Greece—2:30 P.M.-3:30 P.M., 6:45 P.M.-7:30 P.M., 9:50 P.M.-midnight (ET 1); 4:30 P.M.-6:00 P.M., 8:00 P.M.-9:30 P.M. (ET 2).

Hong Kong—8:55 A.M.-1:40 P.M., 2:50 P.M.-4:10 P.M. (Jade); 2:55 P.M.-5:00 P.M. (Pearl).

India—7:40 A.M.-8:40 A.M. (TV 4).

Indonesia—3:30 P.M.-5:00 P.M., 5:30 P.M.-7:00 P.M., 9:30 P.M.-10:30 P.M. (TVRI).

Italy—midnight Monday-2:00 P.M. (Ch. 2).

Japan—7:35 A.M.-8:00 A.M., 8:30 A.M.-11:55 A.M., 12:35 P.M.-6:45 P.M., 7:27 P.M.-9:00 P.M., 9:30 P.M.-11:35 P.M. (Ch. 1); 6:00 P.M.-6:45 P.M. (Ch. 4); 5:00 P.M.-6:05 P.M. (Ch. 10).

Malaysia—7:00 A.M.-5:30 P.M., 7:30 P.M.-10:30 P.M., 11:00 P.M.-midnight (RTM 2).

Netherlands—2:00 A.M.-2:30 P.M., 7:10 P.M.-7:51 P.M., 8:29 P.M.-9:55 P.M. (Ch. 3).

Norway—midnight Monday-noon, 5:35 P.M.-7:25 P.M.

Portugal—8:00 A.M.-11:00 A.M., 6:00 P.M.-10:00 P.M., 10:30 P.M.-midnight (RTP).

Singapore—6:48 A.M.-9:00 A.M., 9:55 A.M.-1:45 P.M., 2:50 P.M.-10:00 P.M. (SBC 12).

South Korea—9:00 A.M.-9:00 P.M. (KBS 1); 9:30 A.M.-10:30 P.M. (KBS 2).

Spain—midnight Wednesday-3:00 P.M. (TVE 2).

Sweden—midnight Monday-7:30 A.M., 7:30 P.M.-9:00 P.M. (TV 1); 7:30 A.M.-2:30 P.M. (TV 2).

Switzerland—3:30 A.M.-5:30 A.M., 11:00 A.M.-2:30 P.M., 5:50 P.M.-7:20 P.M. (TSR); midnight Monday-9:00 A.M., 12:15 P.M.-1:15 P.M., 6:20 P.M.-7:20 P.M. (SSR).

Thailand—7:00 P.M.-8:00 P.M. (Ch. 3).

West Germany—12:07 A.M.-3:00 P.M., 7:30 P.M.-9:45 P.M., 10:10 P.M.-11:00 P.M. (ZDF).

YACHTING

(Seven Days of Racing)

SIXTH DAY

TORNADO

Race 6 — 1. Christopher Timms and Rex Sellers, New Zealand. 2. Norbert Petschel and Christian Claus, Austria. 3. Wil Von Bladel and Cees Von Bladel, Netherlands.

Final Standings

1. Gold: Jean-Yves Le Deroff and Nicolas Henard, France, 6.00; 2. Christopher Timms and Rex Sellers, New Zealand, 25.40; 3. Lars Grael and Clinio Freitas, Brazil, 37.10.

FLYING DUTCHMAN

Race 6 — 1. Yoel Sela and Eldad Amir, Israel. 2. Roger Yeoman and Neal McDonald, Britain. 3. Jorgen Bojsen-Moller and Christian Gronborg, Denmark.

Final Standings

1. Gold: Jorgen Bojsen-Moller and Christian Gronborg, Denmark, 19.70; 2. Olepetter Pollen and Erik Bjorkum, Norway, 34.40; 3. Murray Jones and Gregory Knowles, New Zealand, 44.00.

BOARD SAILING

Race 6 — 1, Bruce Kendall, New Zealand. 2. Francesco Wirz, Italy. 3. Robert Nagy, France. 4. Jorge Velazco, Argentina. 5. Christopher Lawrence, Australia.

Final Standings

1. Gold: Bruce Kendall, New Zealand, 21.40 points; 2. Francesco Wirz, Italy, 38; 3. Jan Boersma, Antilles, 39.70; 4. Michael Gebhardt, U.S., 40.00; 5. Robert Nagy, France, 43.00; 6. Bart Verschoor, Netherlands, 43.40.

JUDO

HALF LIGHTWEIGHT (143 Pounds/65 kg)

FINAL

Gold Medal—Lee Kyung-Keun, South Korea, def. Janusz Pawlowski, Poland. Yusei-gachi.

Bronze Medal—Yosuke Yamamoto, Japan and Bruno Carabetta, France.

WEDNESDAY'S EVENTS

DAY 12

(ALL TIMES GMT)

Archery—preliminary round: 0030 women's 50 meters, men's 50 meters; 0430 women's 30 meters, men's 30 meters.

Basketball—0200 and 0630 men's semifinals; 1130 women's match for bronze medal.

Boxing—2400 (Tuesday) and 0900 quarterfinals.

Canoeing—semifinals: 2300 (Tuesday) men's 500-meter kayak singles; 2330 (Tuesday) men's 500 meter Canadian singles; 2400 (Tuesday) women's 500-meter kayak singles; 0030 men's 500-meter kayak pairs; 0100 men's 500-meter Canadian pairs; 0130 women's 500-meter kayak pairs.

Equestrian—2330 (Tuesday) Team show-jumping final.

Fencing—2230 (Tuesday) men's team sabre preliminaries; 2300 (Tuesday) women's team foil elimination. 1000 final.

Field Hockey—0300 men's semifinals.

Gymnastics—0800 Rhythmic preliminaries.

Handball—men's preliminary round: 2400 (Tuesday) United States vs. Algeria; 0130 Czechoslovakia vs. Japan; 0400 Iceland vs. Soviet Union; 0530 Spain vs. South Korea; 0800 Yugoslavia vs. Sweden; 0930 Hungary vs. East Germany.

Judo—0700 Light-middleweight (78 kg/172 pounds).

Synchronised Swimming—2230 (Tuesday) and 0530 Figures.

Table Tennis—2300 (Tuesday) men's and women's singles; men's and women's doubles.

Tennis—0100 men singles, semifinals; women's doubles, semifinals.

Track and Field—2300 (Tuesday) Decathlon, 100 meters; 2310 (Tuesday) women's discus, qualifying round; 2350 (Tuesday) Decathlon, long jump; 0030 women's 200 meters, first round; 0130 Decathlon, shot; 0230 Pole vault final; 0235 women's 400-meter hurdles final; 0255 men's 400 meters final; 0310 Decathlon, high jump; 0315 women's 200 meters, second round; 0340 men's 200 meters, semifinals; 0400 women's 1,500 meters, heats; 0430 women's long jump, qualifying; 0440 men's 5,000 meters, heats; 0600 men's 200 meters final; 0620 men's 3,000-meter steeplechase, semifinals; 0700 Decathlon, 400 meters.

Volleyball—2345 (Tuesday), 0200, 0800, 1030 men's semifinals.

Weightlifting—0100 Super-heavyweight (over 110 kg).

Wrestling—2400 (Tuesday) and 0730 Freestyle preliminary bouts: light-flyweight (48 kg), flyweight (52 kg), featherweight, (62 kg), welterweight (74 kg), light-heavyweight (90 kg), mid-heavyweight (100 kg).

DIVING

MEN'S PLATFORM

(Finals Qualifiers)

1. Gregory Louganis, U.S., 617.67 points. 2. Xiong Ni, China, 601.50. 3. Li Kongzheng, China, 578.31. 4. Vladimir Timochinine, Soviet Union, 570.75. 5. Jan Hempel, East Germany, 558.03. 6. Patrick Jeffrey, U.S., 553.89. 7. Gueorgui Tchogovadze, Soviet Union, 540.90. 8. Steffen Haage, East Germany, 529.68. 9. David Bedard, Canada, 524.10. 10. Jesus Mena, Mexico, 523.50.

11. Jorge Mondragon, Mexico, 518.52. 12. Isao Yamagishi, Japan, 517.80. 13. Albin Killat, West Germany, 517.23. 14. Keita Kaneto, Japan, 497.04. 15. Robert Morgan, Britain, 489.27. 16. Domenico Rinaldi, Italy, 476.01. 17. Oscar Bertone, Italy, 471.24. 18. Craig Rogerson, Australia, 469.47. 19. Graeme Banks, Australia, 462.87. 20. Jeffrey Hirst, Canada, 453.99.

BASEBALL
DEMONSTRATION SPORT

Semifinals

Japan 3, South Korea 1
United States 7, Puerto Rico 2

Standings

(through Monday's games)

Blue Division

	W	L	Pct	GB
Japan	3	0	1.000	—
Puerto Rico	2	1	.667	1
Netherlands	1	2	.500	2
Taiwan	0	3	.000	3

White Division

	W	L	Pct	GB
U.S.	2	1	.667	—
South Korea	2	1	.667	—
Australia	1	2	.333	1
Canada	1	2	.333	1

SPORTS / 1988 SUMMER OLYMPICS

Agence France-Presse

Carl Lewis won the long jump for the second straight Games with this leap. British boxer Dave Anderson was on the receiving end too often against Regilio Tuur of the Netherlands. Gerson Victalino hit the deck in Brazil's quarterfinal basketball game with the Soviet Union.

Lennox McLendon/The Associated Press

Gary Cameron/Reuter

U.S., Paced by Kingdom and Lewis, Wins 6 Medals

By Michael Janofsky
New York Times Service

SEOUL — The United States won six medals Monday in track and field, with Carl Lewis leading a sweep in the men's long jump and Roger Kingdom winning the men's 110-meter hurdles.

It wasn't bad day, either, for East Germany, the Soviet Union and for Paul Ereng, a Kenyan who won the men's 800-meter final. A newcomer to the distance, Ereng beat two former Olympic champions, Joaquim Cruz of Brazil and Said Aouita of Morocco, for the gold medal.

Both Lewis and Kingdom defended Olympic titles they won in Los Angeles four years ago. Lewis, thus, became the first long jumper in the Olympics to repeat after four years. Kingdom was the first in his event in 28 years.

In "the most difficult day of track and field I've ever had," Lewis ran the first two rounds of the 200-meter event with just 70 minutes in between — he was in the last of 10 heats in the first round and the first of five in the second — before starting the long jump competition 55 minutes later.

Was he bothered? Check the results. He breezed through the 200 qualifiers, easily advancing to the semifinals Wednesday.

In the long jump, he soared into the sand pit five times before fouling on his last attempt, and recorded the four longest jumps of the day — 28 feet, 7½ inches (8.76 meters), which won him the gold; 28-1 and two at 27-11½.

It was Lewis's second medal of the games, following his second-place finish to Ben Johnson of Canada in the 100-meter final.

Mike Powell got the silver for an effort of 27-10¼ and Larry Myricks the bronze for 27-1¾.

The only other long jumper to win consecutive Olympic titles was Myer Prinstein of the United States, who won golds in 1904 in St. Louis and two years later in Athens — the only Games held inside the four-year cycle of the modern Olympics.

Kingdom's victory in 12.98 seconds — only the third sub-13 time ever — ended a sensational outdoor season. He ran consistently fast throughout the summer, including a 12.97 last month, to prove finally that his Olympic title four years ago was no fluke.

He also became the first runner since Lee Calhoun of the United States in 1960 to win his event in consecutive Games.

"This is just icing on the cake," Kingdom said.

Colin Jackson of Great Britain won the silver in 13.28 seconds, with Tonie Campbell of the United States third in 13.38.

Kim Gallagher won the other medal for the United States, a bronze in the women's 800 meters.

She was beaten by Sigrun Wodars and Christin Wachtel of East Germany, the one-two finishers in the world championships last summer in Rome. Wodars's time was 1 minute, 56.10 seconds, followed by Wachtel in 1:56.64 and Gallagher in 1:56.91.

Petra Felke won East Germany's other gold, with an Olympic record throw in the javelin of 245 feet.

"This year I was determined to make a greater effort," she said. Last year she lost to Fatima Whitbread of Great Britain at the 1987 world championships. This time Whitbread was second.

East Germany's other two medals went to Beate Koch, who finished third in the javelin and Petra Müller, who was second between two Soviet runners in the women's 400-meter final.

Just as she had in Rome, when Müller was second, Olga Bryzgina took the gold, this time in the Olympic record time of 48.65 seconds. Olga Nazarova, who had been eighth in Rome, won the bronze in 49.90.

The next three finishers were Americans: Valerie Brisco in 50.16, Diane Dixon in 50.72 and Denean Howard in 51.12.

Three Soviet men offset the U.S. sweep in the long jump with one in the hammer throw. Yuri Sedykh, the world record holder, finished second to Sergei Litvinov, who threw 278-2 to Sedykh's 274-10. Juri Tamm was third with a throw of 266-2. No Americans made the final.

"I'm disappointed," Sedykh said. "I don't understand why my throws weren't good. I didn't throw well."

Ereng's victory, providing Kenya its first medal of the Games, was not expected. A sophomore at the University of Virginia, he had been a 400-meter specialist until this year. At the suggestion of his coach, Paul Harding, he moved up, and by June he had won the National Collegiate Athletic Association championship.

On Monday, he surged over the final 70 meters to add an Olympic title to his collection, and in so doing kept Cruz from repeating and Aouita from mastering a new distance. Cruz finished second and Aouita third.

Aouita, particularly disturbed with his loss, said, "I ran like a fool." The world record holder at 5,000 and 1,500 meters, he had turned to the 800 this year looking for a new distance to conquer. Instead, he lost a race for only the second time in three years.

"I would have won if I would have followed my own tactics," he said. "In any case, my defeat does not mean that I am not the best at 800 meters. If we were to try again tomorrow, I am sure I would defeat them all. But that is sport. I lost because I was stupid."

Brahim Boutaib of Morocco, whose appearance and running style is remarkably like Aouita's, won the men's 10,000 meters in 27:21.46, an Olympic record. Salvatore Antibo of Italy took the silver in 27:23.55, while Kipkemboi Kimeli of Kenya won the bronze in 27:25.16.

Thomas Schönlebe of East Germany, the world record holder at 400 meters, failed to make Wednesday's final when he came in fifth in a heat in the semifinals.

Japan, U.S. Gain Final In Baseball Tournament

By William Gildea
Washington Post Service

SEOUL — The inevitable came to pass Monday: the United States and Japan gained Wednesday afternoon's gold medal game in the baseball tournament, a summer's work boiled down to one test that has both teams waiting in anticipation.

A four-run first inning and the complete-game pitching of 6-foot-7-inch (2-meter), fastballing right-hander Ben McDonald got the Americans past Puerto Rico, 7-2, while Japan got a scare but rallied to beat South Korea, 3-1.

Later, at home plate in Chamshil Baseball Stadium, the United States lost the coin flip that decided the "home" team Wednesday.

Thus was set up an Olympic-final rematch, Japan having beaten the United States for the gold in Los Angeles in 1984. Even though baseball, for the second time, is an Olympic demonstration sport — it will become an official competition in 1992 in Barcelona — the hopes and tensions among the athletes were no less than at any other Games venue.

"It's quite a thrill," said the U.S. coach, Mark Marquess. "It's a once in a lifetime experience. We all feel the same way."

On its 38-10 summer tour, the U.S. team played the Japanese seven times, winning three. But only in the last two meetings has Japan fielded virtually its whole Olympic team. Those games were split.

The United States, with McDonald pitching won, 4-0, in the recent world championships in Italy, then went to Kobe and lost, 6-2. "I think they're playing better now," said Marquess, "than they were in Italy."

Although the Japanese don't usually win with the long ball, several American players remarked Monday, it was a seventh-inning home run by their clean-up batter, Terushi Nakajima, that gave them 1-1 tie with South Korea. They added two runs in the eighth to survive in a well-pitched game by both sides.

Later, the United States capitalized on a shaky start by Puerto Rican left-hander Wilfredo Velez, who couldn't get any of the first five batters out before he was removed. The Americans scored their four runs on four singles, two of which were infield hits, two walks, a balk and a double-play ground ball.

McDonald, a top-notch major league prospect with a 94 mph (152 kph) fastball, allowed nine hits and two earned runs while striking out seven and walking only two, both in the ninth when Puerto Rico got its second run. But McDonald broke off a slow curve for a strike-out that ended the game, bringing the Americans to the brink of the goal they set for themselves when they began training June 13.

Japan's best pitcher has been a rubber-armed right-hander, Takehiro Ishii, who went 6⅔ innings Monday against South Korea. But he pitched in last week's preliminary rounds on one day's rest. One-handed pitcher Jim Abbott is to start the big game for the Americans.

"They're playing very well right now, at the top of their game," Marquess said of the Japanese. "We'll have to get a good pitching performance. It all comes down to one game."

Rout of Puerto Rico Sets Up U.S.-Soviet Basketball Semi

By Michael Wilbon
Washington Post Service

SEOUL — The United States and the Soviet Union headed Monday toward their first Olympic basketball game in 16 years, with the Americans routing an historically tough opponent, Puerto Rico, 94-57, and the Soviets then beating Brazil, 110-105, in the quarterfinals.

The Soviet Union and the United States last met in the gold-medal game in 1972, which was the only loss for the United States in 86 Olympic games.

The United States routed Puerto Rico by turning up the defensive pressure another notch as the medal round began. Even the American's coach, John Thompson, a tough man to please, was impressed.

"I thought they did an excellent job defensively," he said. "We wanted to stop their point guard [Angel] Cruz from penetrating. They have a very smooth set offense and we wanted to disrupt that."

They did. Puerto Rico made only 36 percent of its shots, and only 22 percent from three-point range. Cruz had only 12 points and four assists, while forward Jose Ortiz, signed by the Utah Jazz of the National Basketball Association, scored only 10 points.

"Their defense is pretty tough," said Ortiz. "Every time I had the ball today, there were three guys on me."

U.S. forward Danny Manning scored all of his game-high 18 points in the first half, which ended with the United States holding a 48-28 lead and in control. Dan Majerle, now playing three positions much of the time, continued his stellar play, scoring 13 points.

Thompson also got Willie Anderson, J.R. Reid and Stacey Augmon back into the lineup after minor injuries. Guard Hersey Hawkins, although in uniform, remained on the bench. He probably is out for the rest of the competition because of a strained knee.

The final score was somewhat shocking, because Puerto Rico had lost to the United States by a single point in the 1976 Olympics, by five points at last year's Pan American Games, and by one in 1986 in the World Championships.

Lute Olson of Arizona State, who coached the U.S. team at the world championships and is here as a radio correspondent, said that this was the best defensive team ever fielded in the Olympics.

"They're focused now," Olson said. "The came out today and stepped to another level. They played way beyond anything they had done in the preliminaries."

The Soviet Union won on Rimas Kourtinaitis's three-point shot with five seconds left to play. Brazil had had a chance to tie or take the lead, but Oscar Schmidt, who scored 46 points, missed on a jumper from the baseline with 45 seconds left and his team trailing by 107-105.

Kourtinaitis, who made six of nine three-pointers in the game, led the Soviet Union with 24 points: Alexander Volkov scored 20, 19 in the first half.

Andrew Gaze scored 28 points as Australia, relying on three-point shooting, beat Spain by 77-74 in another quarterfinal. Gaze made five of his team's 12 three-pointers, including one that put Australia ahead to stay, 50-48.

Yugoslavia, off a 9-0 lead, rolled past Canada, 95-73, to gain the other semifinal, against Australia.

9 U.S. Boxers in 'Knockout Pool'

New York Times Service

SEOUL — Riddick Bowe spilled the secret Monday night: each of the 12 members of the U.S. boxing team had put up $100 as a prize for whomever produced the quickest knockout at the Games.

"I didn't jab," Bowe said after stopping Biko Botowamungu of Austria in the second round, "because I was going for the quickest K.O."

Bowe's disclosure stunned his coach, Ken Adams, who looked over in surprise as the 216-pound (98-kilogram) super-heavyweight talked about the $1,200 pot.

"All bets are off now," Adams said. "I wasn't aware of those bets being on. That ain't too kosher. But it does explain why some things happened the way they did."

"We put the pool together after we got here," Bowe said, "We don't get paid until the tournament's over, but I guess that's off now."

With nine U.S. boxers having gained the quarterfinals in the 12 divisions, bamtamweight Kennedy McKinney had the quickest knockout: 1 minute, 44 seconds of the first round in his opening bout.

Entering the round of eight, the Americans had registered 10 knockouts, light-welterweight Todd Foster having two. They will have the most boxers in the quarterfinals, followed by the Soviet Union with seven and South Korea with six. The U.S. team, despite a 1-2 start, had the best overall record at 18-3.

Bowe finished Botowamungu, a 31-year-old professional wrestler who grew up in Zaire, at 2:53 of the second round with a right-left combination. But until then Bowe, who will oppose Peter Stoimenov of Bulgaria on Wednesday night, had been unimpressive.

Also advancing for the U.S. team was Kennedy McKinney, who won on a walkover when his 119-pound opponent, Shahuraj Birajdar of India, hurt his arm and couldn't fight. Heavyweight Ray Mercer and 147-pound Kenneth Gould won, as did light-middleweight Roy Jones.

Jones used his left hook to dominate a 5-0 decision over Michal Franek of Czechoslovakia.

"I call it my check-hook," Jones said. "I check to see if he's there, then I throw it."

Jones, who fought two hours before Bowe, also seemed to be trying for a one-punch knockout. But he was careful not to trade punches with Franek, who took two standing-eight counts.

"It's not really smart to slug it out," Jones said. "You can get bruised up, you can get cut. You've got to look ahead. I'm going in there now without any bruises. I'm going to try to keep it that way."

Mercer stopped Rudolf Gavenciak of Czechoslovakia at 35 seconds of the third round, and Gould outclassed Francis Masoe of American Samoa, 5-0.

Sudan's coach, Abdell Atif Abbas, threw in the towel for Mohamed Hammad before his super-heavyweight bout Monday night with Yoo Hyun Kim of Korea.

"It was a form of protest," Abbas said later. "There is no justice in this ring."

Abbas pointed to his right kidney area, where another Sudanese boxer was struck by a Korean boxer two nights earlier. Abbas asked that the Korean be disqualified, but the referee awarded the victory to the Korean. Adams later was asked if he had any complaints about the Korean officials.

"No, I haven't," the U.S. coach said. "It hasn't affected us. I think the officials are doing a good job."

For World's Best, It Was Strike Time

Compiled by Our Staff From Dispatches

SEOUL — Some of the world's best pole vaulters went on strike Monday during the qualification trials, then packed their duffel bags and walked off the field having cleared 17 feet, 8 inches (5.38 meters) but not the automatic qualification mark of 18-2.

They included the three Americans — Kory Tarpenning, Earl Bell and Billy Olson — and Sergei Bubka of the Soviet Union, the world record holder.

"We had a little power struggle, between the officials and the pole vaulters," said Bell. "As is usually the case, when these things happen, the athletes prevailed. They wanted us to go 18-2, but through the progress of the day, we realized that 17-8 was going to be enough to narrow the field. We formed a little union and refused to vault."

The dispute arose because the 21 vaulters entered in the trials, split into two groups, were jumping simultaneously on two pits side by side. But the one group, which included most of the best competitors, was moving faster than the other, and jumping at 18-0, while the second group was still at the opening height of 17-8. And this group was taking its time, apparently hoping the favorites would miss and give them a greater opportunity to be among the 12 finalists.

"If the other pit has the advantage of sitting and watching what we're doing and key off it, we're at a disadvantage," Olson said. "It worked out good in the long run, but it was a little scary at the time."

The first group asked officials to halt their competition until the others were at the same height. The officials refused. So the first group decided not to jump anymore.

Officials, Bell said, "got madder and madder, angrier and angrier."

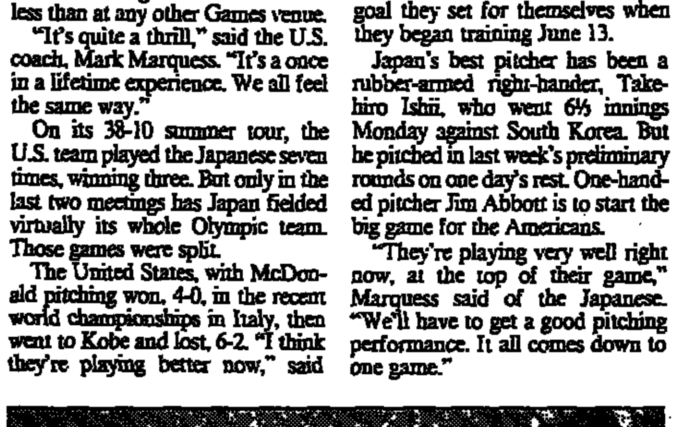
The result was that all 15 vaulters still left in the qualifications will be allowed to compete in Wednesday's final. Although a field event final with more than 12 competitors is not unusual, the solution did not please Olympic officials.

Olson said he heard one say, "We are going to change the rule so you guys can't pull these shenanigans."

He probably heard correctly.

Primo Nebiolo, the president of the International Amateur Athletic Federation, said of the walkout: "The rules permit them to do this. We must change the rules."

(NYT, AP)



Dave Tulis/Reuters-UPI

Maik Nill of West Germany had a 210-kilogram lift go astray.

For U.S. Weight Lifter, a Sad Burden to Shoulder

By Tony Kornheiser
Washington Post Service

SEOUL — When Rich Schutz, a U.S. weight lifter, begins his competition, he will try to bring familiar, soothing thoughts up to the platform with him: thoughts of how he wants his body to complete the work at hand, the cleaning and the jerking of the weight, thoughts of past successful competitions.

Unlike athletes who use competition as a way to exorcise their aggression, Schutz has always trained with tranquility in mind. Whether in competition, or at home in the workout room his father, Fred, built behind the garage, lifting weights has been Schutz's passport "to escape the real world, to get away."

But everyone will understand if the real world intrudes on him Tuesday, if there's a sorrowful thought Rich Schutz brings up to the platform with him, because just last Sunday, on the second day of competition, his mother died.

Kathleen Schutz was diagnosed as having leukemia seven years ago. But this July, on a family vacation, her condition turned worse.

"She'd planned on coming to Korea with me to see Richard lift until she got laid up in July," Fred Schutz recalled. "Just before I left for Seoul, she'd gotten real sick and I said, 'Honey, I don't think I should go.' But she insisted I go, and she made me promise I wouldn't tell Richard how serious it was; he'd already gone, and she didn't want him to feel that pressure.

"I said, 'I'll go if you make sure you'll be here when I get back.'

"She said, 'Oh sure.' But it didn't work out that way."

When he got to Seoul, Fred Schutz couldn't keep the promise to not tell Rich how ill his mother was, but Richard already knew.

"The last time I saw her I could tell it was advanced," he said. Though he was trying hard to remain impassive, there was a redness rimming his eyes as he added, "It was hard leaving. I had the feeling I might not see her again."

Fred and Rich recently returned to Seoul after flying home to Mount Prospect, Illinois, for Kathleen Schutz's funeral.

They spent four days in the United States, then returned so that Rich could compete in his event; there was never any doubt about him doing so.

"She'd have felt terrible if Richard missed this opportunity," his father said. "That was her last wish, that Richard compete."

And Rich added, "It was very important to her. She liked to tell people I was going to the Olympics. In the last couple of months, when she couldn't get around much, that was the one thing she really treasured."

But Rich Schutz will not lift just for his mother. The family's weight lifting roots are on his father's side. Fred Schutz, who manages a health club, was a national champion in 1958.

About 10 years ago, when he was already 44, Fred was in a tavern watching TV and saw Lou Ferrigno lift 315 pounds (145.75 kilograms). Fred's buddies were impressed, but Fred wasn't.

"I can jerk as much as The Incredible Hulk," he declared. He went to the gym, slapped 320 pounds on the bar, and snatched it over his head to show what weight lifting, not that body-building razzmatazz, was all about.

> 'She liked to tell people I was going to the Olympics. In the last couple of months, when she couldn't get around much, that was the one thing she really treasured.'
>
> —Rich Schutz, U.S. weight lifter

Fred Schutz built the workout room behind the garage for himself, not Rich. "But once he came in, I could never get him out," he said.

The father may have provided the means for the son to get involved in the sport, but Rich stayed in it for himself.

"I always found it a real challenge. No matter what weight you conquer, there's always another one to go," he said.

"I hope to lift in two more Olympics, but you never know. This might be my only chance. To not take it would be foolish." Rich set his jaw and said, "I've been lifting for 11 years, and I don't want to cheat myself."

He has been a national champion the last three years. Right now, he can lift 451 pounds above his head. Someday he hopes to become only the fourth American to clean and jerk 500 pounds. And someday he hopes to be an Olympic medalist; maybe in Barcelona. As nice as it might be to say that he has a chance to win a medal in Seoul, which he could dedicate to his mother, son and father agree it will not happen.

A top-10 finish is all they're hoping for, a medal of the mind. And in the long, lonely pauses between lifts, Richard Schutz can console himself knowing that the highest honor he can pay his mother's memory is the simple act of competing in the Olympic Games.

Louganis Tops Dive Qualifiers, Sets Sights on Unique Double

Compiled by Our Staff From Dispatches

SEOUL — Greg Louganis of the United States, trying to become the first man to retain both springboard and platform diving titles, led the qualifying Monday for the 10-meter platform final.

Louganis, with 617.17 points, scored the best of the 12 divers who advanced from the field of 26 into Tuesday's medal round. Qualifying scores do not carry into the final.

His main challengers will be the Chinese divers who placed second and third in the preliminaries. Xiong Ni scored 601.5 points and Li Kongzheng was third with 578.31. Xiong received the best award for a single dive, 82.17 points, for a backward 3½ somersault from the tuck position.

A bandage covered the spot on the back of Louganis's head where he struck the board last week during preliminaries in the springboard competition. Five stitches were needed, but Louganis recovered to win the gold medal.

"My head feels fine," he said. "It's healing very well."

Ron O'Brien, the U.S. diving coach, said, "Greg is probably a little beat up. He's wearing a bandage where he hit his head. His wrists are sore. He's showing the wear of years of platform diving. But he will have it all together for the final."

After 129 events of the Games, the Soviet Union had 32 gold medals and 74 overall. East Germany was close behind with 26 gold and 67 medals, with the United States third with 14 gold and 44 medals.

Two Frenchmen and a New Zealander whipped through brutal swells and shifty winds to win the first two gold medals in yachting.

GAMES ROUNDUP

Jean-Yves Le Deroff and Nicolas Henard dominated the six days of Tornado racing, with three firsts, two seconds and a fifth, making it impossible for any of the competitors from 19 other nations to overtake them in the last round Tuesday.

Bruce Kendall of New Zealand reached the line first in boardsailing, but his victory was not confirmed until the Italians dropped threats of a protest to the appeal jury.

Jorgen Bojsen-Holler and Christian Gronborg of Denmark clinched the gold in the Flying Dutchman class as the jury rejected a protest from the Israelis.

Stefan Edberg of Sweden, Miloslav Mecir of Czechoslovakia, and Tim Mayotte and Brad Gilbert of the United States advanced to the tennis semifinals. All are guaranteed medals, since a bronze will be awarded to each semifinal loser.

In advancing to the women's doubles quarterfinals, Steffi Graf and Claudia Kohde-Kilsch of West Germany defeated Carling Bassett-Seguso and Jill Hetherington of Canada; Pam Shriver and Zina Garrison of the United States ousted Nathalie Tauziat and Isabelle Demongeot of France; Helena Sukova and Jana Novotna of Czechoslovakia beat Inoue Etsuko and Kumiko Okamoto of Japan, and Wendy Turnbull and Elizabeth Smylie of Australia defeated Natalia Zvereva and Larisa Savchenko of the Soviet Union.

Monique Knol of Holland outsprinted a pack of 40 riders to win the women's 82-kilometer (50.84-mile) cycling road race in 2 hours, 52 seconds.

In weight lifting, Pavel Kouznetsov won a battle between past and present world record holders in the 100-kilogram class. Kouznetsov lifted 190 kilograms in the snatch and 235 in the clean and jerk to total 425 kilograms, with all but the snatch Olympic records.

Andor Szanyi of Hungary won the silver with a total of 407.5, and Nicu Vlad of Romania won the bronze with 402.5. All had previously held a world record in the event.

Lee Kyung Keun of Korea decisioned Janusz Pawlowski of Poland to win the gold in the men's half-lightweight judo class.

Jody Campbell had four goals as the U.S. water polo team overwhelmed Greece, 18-9. "Our offense has been sluggish, but we managed to get on track today," said Campbell.

Spain, which had beaten the United States, gave up four unanswered first period goals and was beaten by Yugoslavia, 10-8.

In other events, West Germany beat Italy, 10-7, to remain undefeated in Group B. The Soviet Union, tied by Italy on the opening day, beat South Korea, 17-4. Australia edged France, 7-6, and Hungary beat China, 14-7. *(AP, UPI)*

BOOKS

[B]ERNARD SHAW

[V]olume I, 1856-1898 The Search for Love

[B]y Michael Holroyd. 486 pages. $24.95. Random [H]ouse, 201 East 50th Street, New York, N. Y. [10]022.

[R]eviewed by Noel Annan

A century ago the Irish conquered England. Their shock troops were led by Shaw, Wilde, Yeats and [Jo]yce — Synge and O'Casey in the rear — and they [tur]ned English literature and morals upside down. [Th]ey undermined common sense by paradox, levity, [wo]rd play and myth. "I am a typical Irishman: my [fa]mily came from Yorkshire," Shaw told G.K. Chester[to]n. Chesterton was not fooled. "Scarcely anyone but a [ty]pical Irishman would have made this remark."

Shaw's courage and clowning were born in misery. [H]is father was a lush, his mother lived with a singing [te]acher à trois, eventually decamping with him to [Lo]ndon. Deserted, Shaw won self-respect through [wo]rk and total belief in the power of reason — his [re]ason. He taught himself the piano unaided; he [le]arned about money as a clerk in Dublin and about [th]e snobbery that those who have money show to those [w]ho haven't; he taught himself shorthand in London to [e]nable his writing to keep pace with his thoughts; he [m]ade the British Museum Library his university.

Shaw was emaciated and poor beyond belief. "When [m]y friends catch sight of one of my suits hanging on a [r]ail, they pull out their pen-knife and rush forward [ex]claiming 'Good heavens he's done it at last!'" He [c]ould not accept loans he could not repay and never [b]ought a suit until his father died.

Shaw had come to London in the heyday of the public lecture and at a time when societies, ethical, religious, political and necromantic, were multiplying as fast as fads. He began to speak to some of them, heard Henry George, re-learned economics from Stanley Jevons and to the despair — or perhaps relief — of William Morris and other revolutionary socialists, joined the newest of their societies, the Fabians.

The story Michael Holroyd tells of Shaw's early writing is a story of misery and failure. His verses were rejected; he wrote novel after novel turning the Victorian three-decker inside out by marrying the heroine to the hero in the first chapter and letting her lose him in the last, and they too were rejected. So he abandoned his dream of taking literary London by storm and turned to journalism. There indeed he triumphed.

He was constantly in pursuit of another quarry. Few men have tormented women more than Shaw. Characteristically he tortured them by refusing to go to bed with them. He never did so until he was nearly 30 and he had only two sexual affairs. But he could hardly see a woman without pelting her with words.

Anyone who writes about Shaw finds himself in the ring and liable to be flattened by Shaw's combination-punching. Try an epigram and Shaw replies with an uproarious uppercut, shift to analysis and on any situation he is more provocative and startling. But Michael Holroyd, weaving and bobbing, holds his own in the clinches and is as fresh as paint when the bell rings for yet another round. He has written a remarkable book, as authoritative as it is enchanting.

Noel Annan, the author of "Leslie Stephen: The Godless Victorian," wrote this for The Washington Post.

CHESS

[B]y Robert Byrne

FOLLOWING Viktor Korchnoi's success in the Royan International Tournament in France, the [fo]rmer challenger for the world title continued his climb out of the doldrums by taking another first prize, [t]his time in a much stronger event, [t]he O.H.R.A. Crown Group International Tournament in Amsterdam.

Korchnoi gave a good example of [h]is intrepid defensive play in his second-round game with Predrag Nikolic of Yugoslavia. The symmetrical branch — 6 cd cd — of the Neo-Gruenfeld Defense counts on White's being able to generate a delicate initiative out of his minimal advantage of the first move. The point of 8 Ne5 is to inhibit Black's normal development, 8...Nc6, in view of 9 Nc6 bc, which would saddle him with a backward c pawn.

Still, the problem for White is how to overcome the stodgy, solid, yet weakness-free 8...e6 that Gary Kasparov used successfully in his title play with Anatoly Karpov.

On 10...Nfd7, it was not possible for Nikolic to support his e5 knight by 11 f4? because 11...f6 12 Nd7 Bd7 13 Bh4 g5! 14 fg fg 15 Bg5 Bd4 yields Black attacking chances.

After 12 Nc6, Korchnoi was emboldened to recapture with 12...bc! because 13 Rc1 a5 14 Na4 Qb4 15 b3 Ba6! 16 Rc6 Bb5 17 Qb4 ab 18 Rd6? Rfb8! 19 Nc5 Nc5 20 dc Bc3 is very strong for Black. Instead, Nikolic aimed for a mating attack with 13 h4.

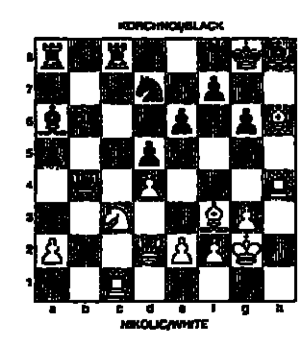
Korchnoi, at his cold-blooded best, let Nikolic come on as he liked — as long as there was no chance for 15 Bh6? in view of 15...Bh6 16 Qh6 Qb2 17 hg Qc3 18 Kd1 Qa1 19 Kc2 Qa2 20 Kc1 Qc4 21 Kd2 Qe2 22 Kc1 Qc4 23 Kd2 Qd3 24 Kc1 Qg6.

While Nikolic looked on in vain for a way into the black king position, Korchnoi made solid progress by counterattacking with 18...c5 and 19...c4! He brushed off 20 Bh6 by 20...Bh8.

The decisive blow was 24...Rc4!, forbidding White to guard his d pawn because 25 Be3? would lose material to 25...Rac8. Nikolic had to give up one pawn right away with 25 a3 Qa3 and prayed for a miracle by giving up a knight with 26 Rch1 Qc3.

Of course, he got his piece back after 27 Qc3 Rc3 28 Bd2 Bd4 29 Rd4, but now he was in an endgame two pawns down.

KORCHNOI/BLACK



NIKOLIC/WHITE

Korchnoi's excellent technique harvested the point without trouble. After 37...d4, it was the white king that was in for a pommeling, so Nikolic gave up.

GRUENFELD DEFENSE

	White Nikolic	Black Korchnoi		White Nikolic	Black Korchnoi
1	d4	Nf6	20	Bh6	Bh8
2	c4	g6	21	bc	Qc4
3	g3	c6	22	Bf3	Rc8
4	Bg2	d5	23	Rc1	Qb4
5	Nf3	Bg7	24	Kg2	Rc4
6	cd	cd	25	a3	Qa3
7	Nc3	O-O	26	Rch1	Qc3
8	Ne5	e6	27	Qc3	Rc3
9	Bg5	Qb6	28	Bd2	Bd4
10	Qd2	Nfd7	29	Rd4	Rc4
11	Nf3	Nc6	30	Rd3	Bb7
12	Nc6	bc	31	g4	a4
13	h4	a5	32	Ra3	Bc6
14	h5	Ba6	33	Kg3	Rb6
15	Rd1	Rfb8	34	g5	Rb3
16	hg	hg	35	Raa1	Ne5
17	b3	Qb4	36	Rh6	Nf3
18	Kf1	c5	37	e3	d4
19	Rh4	c4	38	Resigns	

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Sept. 26

Amsterdam

	Close	Prev.
ABN Bank	41.90	42
ACF Holding	49.50	48.50
Aegon	86	85.60
Ahold	82.30	82.30
Akzo	143.80	143
AMEV	55.20	55.30
A'Dam Rubber	7.40	7.40
Amro Bank	73.70	73.30
Bols	137.50	135
Buhrmann Tett	52.70	52.60
[illegible]		

	Close	Prev.
RWE	235.50	236.50
Rheinmetall	304	306
Schering	546	543.50
SEL	281	288
Siemens	470.50	468.50
Thyssen	162	162.80
Varta	292	292
Veba	267.70	268.60
VEW	159.40	159.40
Volkswagen	269	268.50
Wella	558	554

Commerzbank index : 1572.28
Previous : 1567.49

	Close	Prev.
Lloyds Bank	300	301
Lonrho	346	342
Lucas	565	557
Marks & Sp	163	162
Maxwell Com	186	186
Metal Box	231	227½
Midland Bank	421	421
Nat.West.Bk	559	560
Pearson	751	750
P and O	560	555
Pilkington	202	208
Plessey	155½	151
Prudential	151	151
[illegible]		

	Close	Prev.
Havas	700	697
Imetal	246.80	238
Lafarge Cop	1437	1411
Legrand	3100	3080
Lesieur	2100	2120
L'Oreal	3625	3560
L.V.M.H.	3854	3020
Matra	188	183.50
Merlin	2998	2945
Michelin	187.50	186
Moulinex	117	115.50
Occidentale	818	772
Paribas	435.50	430
Pernod Ric	1115	1103
Perrier	1173	1179
Peugeot	1253	1231
Printemps	610	593
Radiotechn	745	726
Redoute	2861	2835
Roussel Uclaf	1340	1350
Saint Gobain	545	541
Sanofi	785	770
Skis Rossignol	1007	1030
Societe Generale	428.10	427
Suez	306.50	302
[illegible]		

	Close	Prev.
Nat Aust Bank	6.94	7
News Corp	10	10
N Broken Hill	2.60	2.67
Poseidon	1.87	1.90
OCT Resources	1.20	1.20
Santos	3.45	3.40
Thomas Nation	4.47	4.44
Western Mining	4.95	5.04
Westpac Banking	6.08	6.12
Woodside	1.77	1.70

All Ordinaries Index : 1543.40
Previous : 1557.10

Tokyo

	Close	Prev.
Akai	553	560
Asahi Chemical	988	992
Asahi Glass	1900	1910
Bank of Tokyo	1560	1570
Bridgestone	1230	1260
Canon	1420	1430
[illegible]		

	Close	Prev.
Komatsu	749	757
Kubota	787	795
Kyocera	5270	5220
Matsu Elec Inds	2480	2550
Matsu Elec Wks	1820	1840
Mitsubishi Bank	2850	2850
Mitsubishi Kasei	1080	1030
Mitsubishi Elec	965	975
Mitsubishi Heavy	931	930
Mitsubishi Corp	1080	1060
Mitsui and Co	845	855
Mitsukoshi	1750	1750
Mitsumi	995	1000
NEC	1970	1970
NGK Insulators	1020	1030
Nikko Securities	1540	1600
Nippon Kogaku	1250	1280
Nippon Oil	1090	1070
Nippon Steel	777	780
Nippon Yusen	744	753
Nissan	1140	1190
Nomura Sec	3050	3200
Olympus Optical	1120	1140
Pioneer	3450	3520
Ricoh	1210	1230
[illegible]		

	Close	Prev.
Toshiba	1110	1110
Toyota	2580	2600
Yamaichi Sec	1600	1630

Nikkei 225 : 27333.75
Previous : 27428.31
New index : 2095.84
Previous : 2100.55

Zurich

	Close	Prev.
Adia	9325	9275
Alusuisse	828	889
Bank Leu	2925	2975
Brown Boveri	2480	2415
Ciba Geigy	3320	3290
Credit Suisse	2665	2640
Electrowatt	2850	2875
Georg Fischer	1390	1370
Hoffman R Baby	12875	12600
Interdiscount	3975	4000
Jacob Suchard	7650	7575
Jelmoli	2850	2840
Landis Gyr	1375	1350
[illegible]		

Helsinki, Brussels, Johannesburg, Frankfurt, London, Sao Paulo, Singapore, Madrid, Milan, Stockholm, Paris, Sydney, Toronto, Montreal: [illegible]

Market Closed

The stock market in Hong Kong was closed Monday for a holiday.

	Close	Prev.
BIC	824	798
Bongrain	2650	2620
Bouygues	476.10	469
BSN-GD	5460	5380
Carrefour	2726	2681
Cerus	418	413
C.G.E.	345	340.20
Chargeurs	1220	1227
Club Med	436.90	427
Darty	492	491
Dumez	780	690
Elf-Aquitaine	338	335
Europe 1	570	560
Gen Eaux	1455	1440
Hachette	235	230

	Close	Prev.
ANZ	5.36	5.40
BHP	7.96	8.10
Boral	3.79	3.83
Bougainville	3.38	3.35
Coles Myer	10.35	10.40
Comalco	4.07	4.05
CRA	8.28	8.40
CSR	4.56	4.64
Dunlop	4.45	4.38
Elders IXL	3.43	3.44
ICI Australia	7.30	7.20
Magellan	2.40	2.40
MIM	1.77	1.78

Sales	Stock	High	Low	Close	Chg.
1100	Minnova	$20⅝	20⅝	20⅝	
3405	Molson A f	$25⅝	25½	25½	
100	Molson B	$26¼	26¼	26¼	
3378	N-W Gr	$5¼	5¼	5¼	
1650	Noranda F	$13⅝	13½	13½	— ⅛
19353	Noranda I	$21½	21¼	21⅜	— ⅛
680	Norcen	$19	18¾	19	
116634	Nova Cor f	$11⅝	11⅜	11½	
4200	Nowsco W	$13¼	13⅛	13⅛	— ⅛
3710	Oshawa A f	$21¼	21⅛	21⅛	
36081	PWA Corp	$18⅝	17¾	17¾	— ½
200	Pamour	$8⅝	8⅝	8⅝	+ ⅛
1000	PanCan P	$25	25	25	
171312	Placer Dm	$15⅝	14⅞	15	+ ⅛

INTERNATIONAL STOCK MARKETS

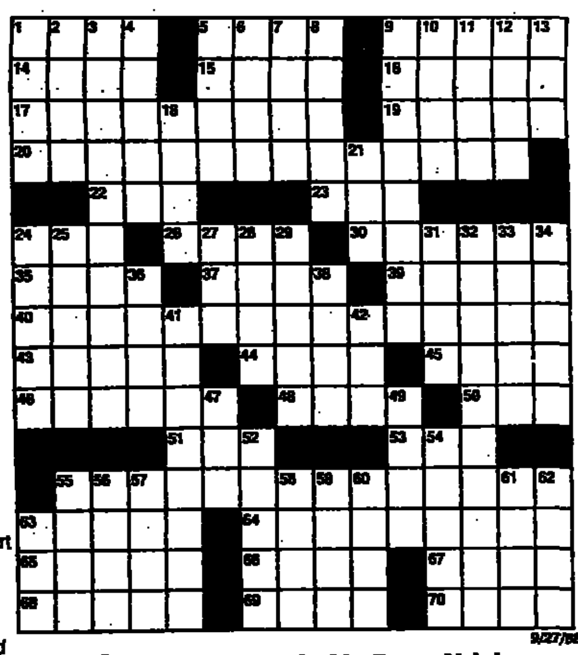
IN THE IHT EVERY TUESDAY. A COLUMN ON NON-U.S. STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS — WORLDWIDE

ACROSS

1 Norse deity
5 Networks
9 High up
14 Unconvincing
15 Tropical plant
16 Miffed
17 Stress
19 Sport groups
20 American painter: 1887-1986
22 Regret
23 Sun. talk
24 Morse-code character
26 Proverbs
30 Fate
35 River in Turkey
37 Decays
39 Excuse of a sort
40 Bluegrass honorary title
43 Console
44 Flat, broad and thick piece
45 Saucy
46 Staggered
48 Patron saint of Sweden
50 Wall and Broad: Abbr.
51 Masonry pin
53 Type of grass
55 Stately fowl?
63 Ruth's mother-in-law
64 Calcutta dungeon
65 Colo. ski resort
66 Windbag
67 —— even keel (steady)
68 Single entity
69 Weddell and Ross
70 Penny

DOWN

1 Cassini of fashion
2 Matron
3 Consequence
4 Indian prime minister: 1947-64
5 "Able —— ere I saw Elba"
6 Lamb's pen name
7 Burly fellow
8 Searches for
9 Like certain reeds
10 Willingly
11 Scandinavian king
12 Wife, legally
13 Six-pointers: Abbr.
18 Long time
21 Comic-book screech
24 Capital of Senegal
25 Goddess of peace
27 Part of a circle
28 Chinese cooking pans
29 Fashion
31 Watery snow
32 Thick soup
33 Chicago-based film critic
34 Slopes
36 Type of aircraft, for short
38 Cicatrix
41 Continuous
42 Sash
47 Buck's mate
49 Hit on the head
52 "Her Nibs" of songdom
54 Type of committee
55 Reckless
56 Pueblo dweller
57 Augur
58 Blackthorn
59 Zhivago's love
60 Experts
61 Verve
62 Fender mishap
63 —— King Cole



9/27/88

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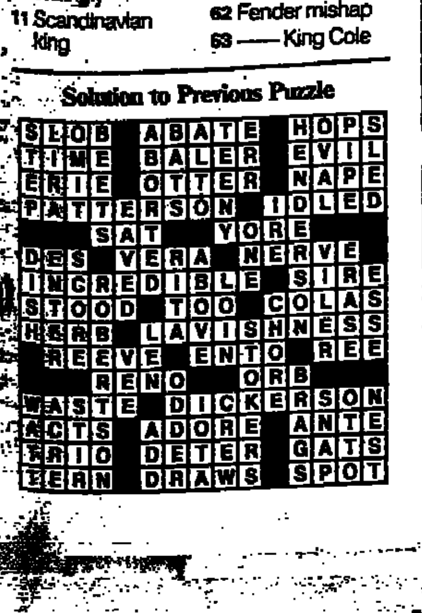
Solution to Previous Puzzle



WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	27	81	14	57	fr
Amsterdam	19	66	15	59	o
Athens	27	81	18	64	fr
Barcelona	28	82	16	61	fr
Belgrade	25	77	13	55	cl
[illegible]					
Oslo	15	59	6	43	o
Paris	21	70	14	57	cl
Prague	20	68	13	55	cl
Reykjavik	6	43	-4	25	fr
Rome	27	81	14	57	fr
Stockholm	13	55	8	46	r
Strasbourg	24	75	14	57	fr
Venice	25	77	14	57	fr
Vienna	25	77	12	54	fr
Warsaw	15	59	3	38	r
Zurich	23	73	8	46	fr

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	19	66	12	54	fr
Sydney	20	68	12	54	fr

ASIA — Bangkok, Beijing, Hong Kong, Manila, New Delhi ... [illegible]

AFRICA, **LATIN AMERICA**, **NORTH AMERICA**, **MIDDLE EAST** — [illegible]

	HIGH C	HIGH F	LOW C	LOW F	
Mexico City	26	79	12	54	pc
Rio de Janeiro	—	—	—	—	na
Jerusalem	26	79	16	61	fr
Tel Aviv	30	86	19	66	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

TUESDAY'S FORECAST — CHANNEL: Heavy. FRANKFURT: Cloudy. Temp. 19—15 (66—59). LONDON: Rain. Temp. —15 (—59). MADRID: Fair. Temp. 30—20 (86—68). NEW YORK: Thunderstorms. Temp. 24—12 (75—54). PARIS: Cloudy. Temp. 21—14 (70—57). ROME: Fair. Temp. 27—15 (81—59). TEL AVIV: Not Available. ZURICH: Cloudy. Temp. 22—13 (72—55). BANGKOK: Thunderstorms. Temp. 33—25 (91—77). HONG KONG: Cloudy. Temp. 26—22 (79—72). MANILA: Thunderstorms. Temp. 32—24 (90—75). SEOUL: Fair. Temp. 21—12 (70—54). SINGAPORE: Thunderstorms. Temp. 31—23 (88—73). TOKYO: Rain. Temp. 21—17 (70—63).

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DULGI

ROAHB

THINGK

KNEBOC

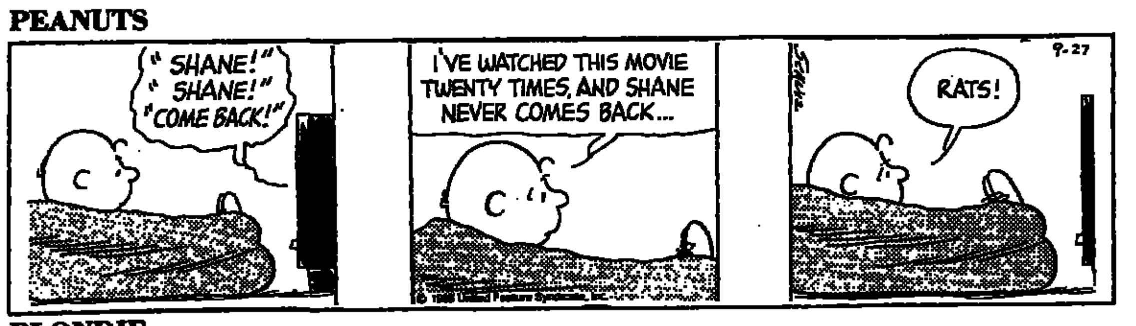
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: —THE—

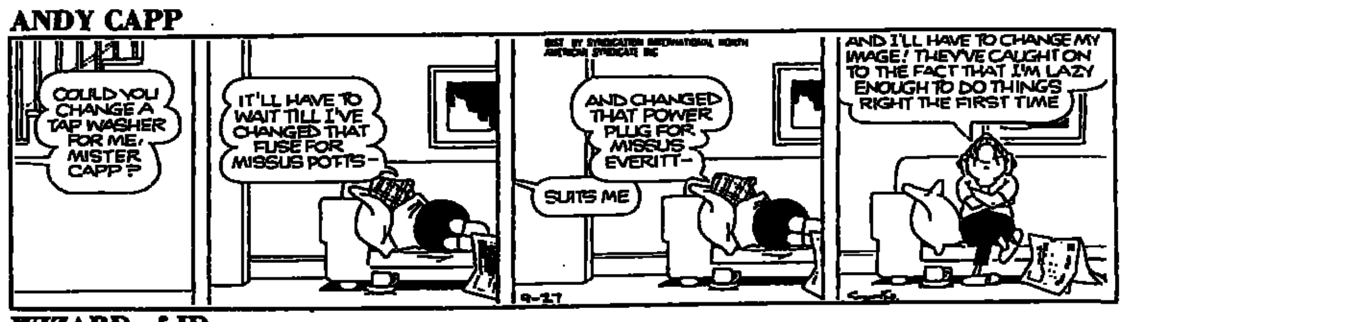
(Answers tomorrow)

Yesterday's | Jumbles: CROON SNORT MYRIAD ORCHID
Answer: What a man sometimes gets from a woman who looks like a dream—INSOMNIA

PEANUTS



ANDY CAPP

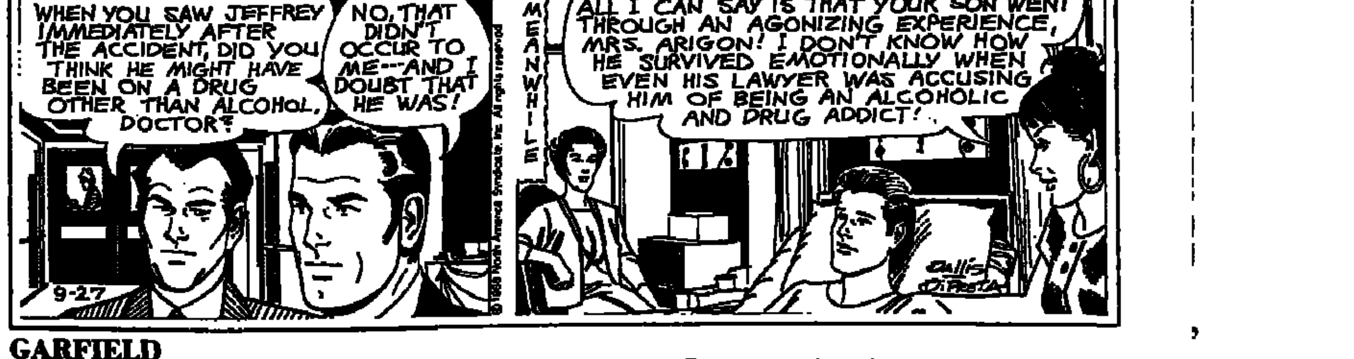


BLONDIE

WIZARD of ID

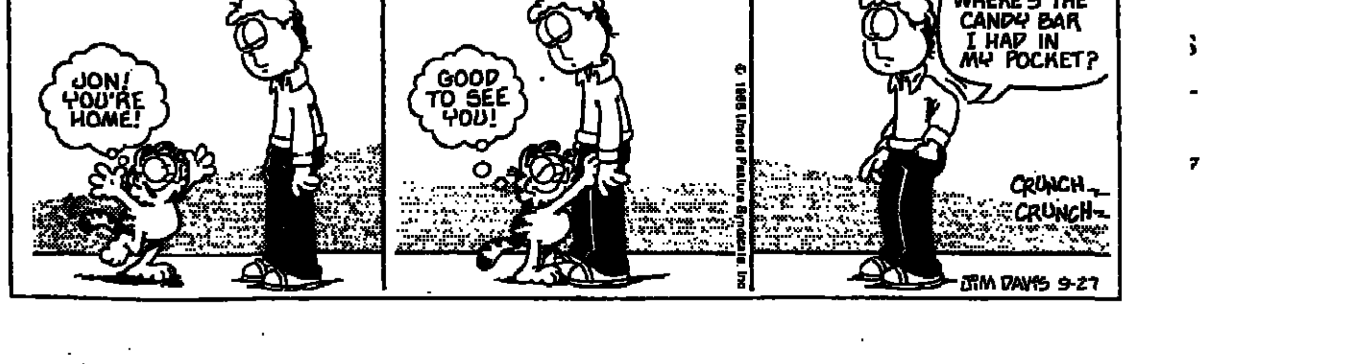
BEETLE BAILEY

REX MORGAN



DOONESBURY

GARFIELD

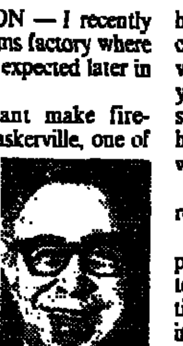


ART BUCHWALD

A Salute to Right Arms

WASHINGTON — I recently visited an arms factory where George Bush was expected later in the day.

"Does this plant make firearms?" I asked Baskerville, one of Bush's advance men.



Buchwald

"No," he said. "It produces arms that you can place across your chest when you're reciting the Pledge of Allegiance to the flag. It's the largest right-arm factory in the world, and business is booming since the candidate made the flag the main issue of his campaign."

"Are they meant for people who don't have right arms?" I asked.

"No, these are for citizens who have their own arms. The manufactured arm makes it possible to recite the Pledge and applaud Bush at the same time."

"It's a miracle," I exclaimed.

"Before Reagan, Americans didn't care if they had an arm to pledge with or not. But the Republicans changed all that, and the demand for a right arm to put over your heart has swept the nation. They're not very expensive. They sell for $9.95 each."

"Does Bush own any of these?"

"Of course. If you say the Pledge of Allegiance as often as he does, you have to keep a trunkload for emergencies. They're going to give him a Teflon-coated one at today's ceremonies. It's supposed to be very special because not only can you place it across your chest to salute the flag, but it can also be held up in a V for Victory sign when you're taking a bow."

"What does George do with his real right arm?"

"During his speech he uses it to point out Dukakis's mistakes and to question the governor's patriotism. Any time you see Bush sticking his finger into the air, you can assume that the rest of the arm belongs to him."

"And when he has his arm across his chest?"

"Almost certainly it's a plastic one made in this factory."

"How did you discover such an operation?"

"The owner called us. He sent a sample to the Vice President as soon as he heard that George had a bad case of tennis elbow caused by placing his hand on his heart while reciting the Pledge. The VP was really impressed and told me to check it out. What made it exciting to us was that Michael Dukakis had never been here. It seemed the perfect spot for a follow-up to George's visit to the flag factory in New Jersey."

"That was good thinking," I told him, "you'll probably be on all three networks tonight."

□

"We hope so, but that isn't why George is coming over."

"Why is he coming?"

"It's his way of showing that he cares about this country, and that he admires any company that makes it easier for Americans to recite the Pledge. Many people complain about how hard it is to put their arms across their chests. With these arms they have no excuse."

I said, "Since I'm here, I think I'll get one. How long are they good for?"

"Twenty days if you keep them in a dry place."

"Can I use the arm to wave to George after he makes a speech?"

"Yes, we waved them at the convention in New Orleans when Dan Quayle was nominated and they worked like a dream."

"What time does today's ceremony begin?"

"Any minute now. We can start as soon as they've measured the VP for a flag to wrap himself in when he leads us all in reciting the oath."

Soviet-American Book Exchange

Washington Post Service

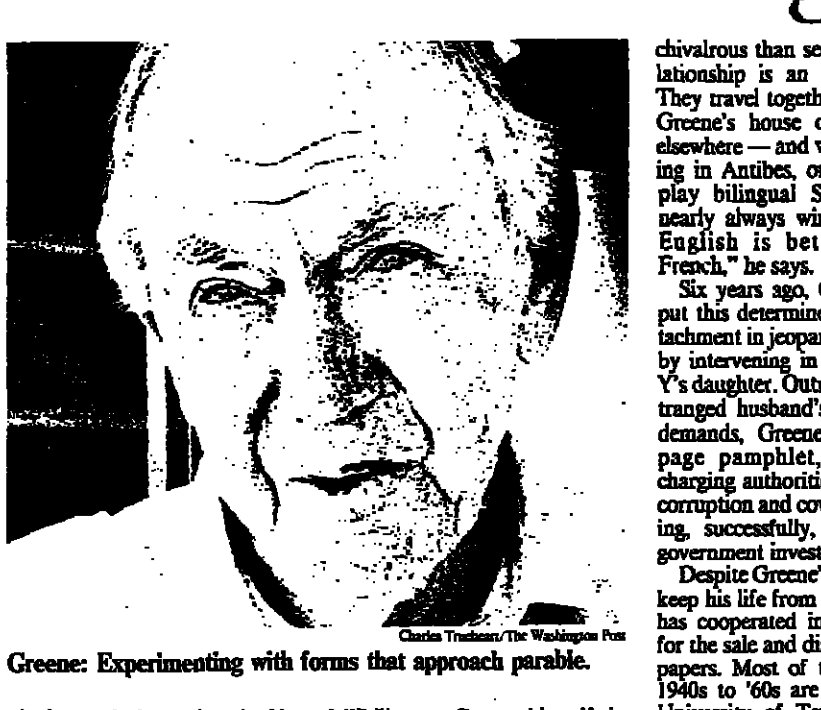
WASHINGTON — The first traveling Soviet book exhibition, entitled "The U.S.S.R.: Perestroika and Glasnost," had its inaugural opening last week at the Martin Luther King Memorial Library. The next stops are in Los Angeles and Boston.

The 1,000-book display is the Soviet half of the first official Soviet-American book exchange and is sponsored by the U.S. Information Agency; Goskomizdat, the Soviet State Committee for Publishing, Printing and Book Trade; and the District of Columbia Public Library. The U.S. exhibit will appear in Novosibirsk, Minsk and Tbilisi.

Graham Greene: Resisting Curiosity

By Charles Trueheart

Washington Post Service



Charles Trueheart/The Washington Post

Greene: Experimenting with forms that approach parable.

ANTIBES, France — Even now, Graham Greene will go to bed blocked. He will leave his things arranged in piles on the table by the living-room window, four flights up from the clatter of the street. He may have a last drink, but it won't help. The character who takes control of the story, and in whose judgment Greene puts his trust, simply will cease to cooperate.

"It's not very pleasant," he says, stretching his long legs out from the chair, "except that now I have absolute confidence that during sleep a solution will come, and it practically always does. The next morning when I start work — which I do immediately after breakfast. I don't have a bath or anything — I don't see what the problem was. The unconscious has solved it."

Greene puts stock in such unknowables. They tantalize him, and throw others off the scent. He is a man who wants to know, but not a man who wants to be known.

Accordingly, there is in Greene's manner, which is never less than cordial, a steady resistance to the pressures of curiosity. Questions about literary motives, or religious reflections, or personal affairs are answered with polite discomfort.

Ever since the novels that remain the core of his most important work — "The Power and the Glory" (1940), "The Heart of the Matter" (1948) and "The End of the Affair" (1951) — the Greene character has been on a continuing quest for meaning amid squalls of faithlessness and deception and temptation. These themes preoccupy Greene still, though of late — since "The Human Factor," in 1978 — his novels have been slighter, more experimental in form, more didactic in tone.

That description fits "The Captain and the Enemy," his 25th novel, which appeared in Britain this month (Max Reinhardt/Viking) and appears in the United States next month (Viking). The book, at 189 pages, is purest fable: A boy is "won" from his widowed father in a game of backgammon. The winner, a mysterious fellow known as The Captain, leaves the boy to be raised by a woman who lives in a subterranean hovel in London, supporting them with generous checks drawn on vaguely ill-gotten funds. Until its disconcerting conclusion in Panama City, "The Captain and the Enemy" is almost innocent and surely magical in its atmosphere, something that might have come to Greene in a dream.

For many years Greene kept a diary of his dreams. "I used to do it in periods when I'd got no book to do. It would fill up the time . . ." he says dismissively. Greene, who will turn 84 next month, has lived in his unprepossessing flat here for more than 20 years, and has been visiting Antibes for nearly twice as long.

Though he is often absent, Greene conducts his writerly routine in this place most of the year. He writes his 300 words in the morning, and then may see to some correspondence.

Afterward, "I have friends and I eat and drink." Lunch most days he takes about seven blocks away, at his favorite place, Chez Félix. Then a siesta and reading, dinner, perhaps with friends, and revision of the morning's work.

Just as Greene's apartment gives no hint of shadowy places like Brighton and Saigon and Port-au-Prince, where the soul is tested in the vise of faith and fallibility, so Greene himself, in his beige leisure wear, doesn't seem inclined to the wracked anguish of his characters. He is gentle and cautious — but with "the shyness of genially subversive men," as V.S. Pritchett, once described him.

Greene is in the shrinking company of writers who say: Don't ask me questions, go read my books. In "A Sort of Life" (1971), he suggested a reason for his resistance to interrogation: "A writer's knowledge of himself, realistic and unromantic, is like a store of energy on which he must draw for a lifetime: one volt of it properly directed will bring a character alive." By implication, volts cast randomly at interviewers only deplete the store.

There are more particular reasons for his reticence. In conversation about his daily life, Greene cannot help leaving the impression that he is seldom alone. In the dedication to "The Captain and the Enemy," he writes, "For Y, with all the memories we share of nearly 30 years." A snapshot rests on the edge of a bookshelf in the living room: a striking white-haired woman perhaps 20 years Greene's junior. The selfsame Y? Yes, he replies, "but no names, please." For Y, all these years, has been married to someone else.

Greene's discretion is more chivalrous than secretive; the relationship is an ill-kept secret. They travel together — yearly to Greene's house on Capri, and elsewhere — and when Y is visiting in Antibes, one learns, they play bilingual Scrabble. "She nearly always wins because her English is better than my French," he says.

Six years ago, Greene himself put this determinedly private attachment in jeopardy of exposure by intervening in the divorce of Y's daughter. Outraged by the estranged husband's child-custody demands, Greene issued a 69-page pamphlet, "J'Accuse," charging authorities in Nice with corruption and cover-up and calling, successfully, for a French government investigation.

Despite Greene's best efforts to keep his life from public view, he has cooperated in arrangements for the sale and disposition of his papers. Most of those from the 1940s to '60s are housed at the University of Texas at Austin. The collection includes the original typescripts of most of the major novels and, certainly through no help from Greene, a package of 800 letters written to his first and only wife Vivian, the mother of his grown son and daughter.

Even now, Greene does not shrink from the dangerous edge, and "Getting to Know the General," his last nonfiction book, is a personal reflection on its latest locus: Central America. It recounts Greene's unlikely relationship with Omar Torrijos, which began with a letter from the Panamanian military leader in 1976 and ended with the "rather suspicious" airplane crash that killed Torrijos in 1981.

Through Torrijos, Greene met the Sandinista leaders well before they took power in Nicaragua. "I found myself therefore directly opposed to the White House-Pentagon attitude to Central America who were supporting the death squads in Salvador, who had disposed of Allende in Chile. I found myself in full sympathy with the Sandinistas and against Somoza who had been supported by the United States."

Even as his feelings for the United States have hardened over the years, his mistrustful attitude toward the Soviet Union has softened. His return to Moscow two years ago was his first visit since 1961, he says, and he's been back three times since. "It was like going to a new country," he says. "It was astonishing."

Oddly, he finds himself agreeing with a couple of Margaret Thatcher's views. "I agree with her that economic sanctions are not the answer in South Africa because they're unenforceable," he says, and "I approve of her suspicions of 1992" — the year when the 12-nation European Community is scheduled to become an ambitious kind of federation.

When he has company, he sits outside at Chez Félix, under the broad awning on the public place, at the table that's "always reserved for us." He orders a bowl of mussels in broth, a bottle of wine. The talk is of his pleasures.

"I always say I eat to drink," he says, enjoying even his most tattered mot. "I drank the most, I suppose, when I was 19 at Oxford, when I was drunk for a whole term, from getting up in the morning to going to bed at night. . . . And after that I drank more normally. I've had no trouble — touch wood — with my liver, and I've treated it rough."

In his recent fiction, he seems to have sloughed off the coiled plotting and tense understatement of his earlier novels, and taken to experimenting with forms that approach parable. In "Monsignor Quixote," the most accomplished of these, an aging priest and his Communist friend tour the Spanish countryside, arguing good-naturedly about the relationships of Catholicism and Communism.

Yet "Monsignor Quixote" is not just the work of an agile polemicist. It is also a testament to human affection: a book about companionship and love. So too, on a more worldly level, is "Getting to Know the General," about another human connection from which Greene drew strength and wisdom. So too, motivated as it was by loyalty to a loved one, was "J'Accuse."

A literary detective might infer a pattern: Is Graham Greene getting tenderhearted in his old age?

"Not that I know of," he replies, shrugging, guarded. "My friends think I'm getting more savage."

PEOPLE

U.S. Orchestra, Dancers Get a Hand in Tokyo

The Los Angeles Philharmonic under **André Previn** launched a concert tour of Japan in Tokyo Sunday with a program that included **Aaron Copland**'s Clarinet Concerto and works by **Ravel** and **Brahms**. The audience, which filled 2,000-seat Suntory Hall at ticket prices up to the equivalent of $97, applauded the orchestra warmly for the first of its 12 concerts in seven cities. Meanwhile, the New York City Ballet wound up a week's visit to Tokyo on Sunday, its first tour to Japan in 30 years. The economics of touring was the main reason for the delay, but **Peter Martins**, the company's co-ballet master in chief, said the tour was a goal set by **George Balanchine**, his predecessor. Sponsorship by the Nippon Fire and Marine Insurance Co. solved the economics, but the troupe had to perform in the Tokyo Bay NK Hall, an auditorium built for rock concerts and an hour from downtown. Audiences did not pack the hall, but those that did appear were unusually enthusiastic.

□

A new collection of **John Cheever**'s short stories will be published after all. **Judge Roger Kiley** of Chicago ended a legal battle by saying Cheever's widow, **Mary**, 74, must honor her contract with Academy Chicago Publishers Ltd., but said Academy Chicago cannot publish all 68 of the stories without her permission. He said a smaller number — 10 to 15 stories — would "certainly satisfy her obligations."

□

Rock superstar **Bruce Springsteen** was serenaded by 59,000 fans on his 39th birthday as he took part in the second U.S. concert of the "Human Rights Now" tour organized by Amnesty International. The Friday show also featured **Peter Gabriel**, **Joan Baez**, **Tracy Chapman** and **Youssou N'Dour**. Baez led the crowd in singing "Happy Birthday" to the "Boss."

□

A British film, "On the Black Hill," won the Golden Shell top prize Saturday at the 36th annual San Sebastian international film festival, held over the last two weeks in the Basque city in northern Spain. The film directed by **Andrew Grieve** stars **Bob Peck**, **Gemma Jones** and **Jack Walters** and is about rural life in a Welsh village, is based on a novel by **Bruce Chatwin**.

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PERSONAL MESSAGES

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SACRED HEART OF JESUS and St Jude, thank you for the help before, now and always. NUB.

ANNOUNCEMENTS

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